S. HRG. 101-56, PT. 1

JOB TRAINING PARTNERSHIP ACT YOUTH EMPLOYMENT AMENDMENTS OF 1989

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
EMPLOYMENT AND PRODUCTIVITY

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

S. 543

TO AMEND THE JOB TRAINING PARTNERSHIP ACT TO STRENGTHEN THE PROGRAM OF EMPLOYMENT AND TRAINING ASSISTANCE UNDER THAT ACT, AND FOR OTHER PURPOSES

MARCH 9 AND 16, 1989, WASHINGTON, DC
MARCH 30, 1989, LOS ANGELES, CA

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JOB TRAINING PARTNERSHIP ACT YOUTH EMPLOYMENT AMENDMENTS OF 1989

THURSDAY, MARCH 9, 1989

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:05 p.m., in room SD-430, Dirksen Senate Office Building, Senator Paul Simon (chairman of the subcommittee) presiding.

Present: Senators Simon and Thurmond.

OPENING STATEMENT OF SENATOR SIMON

Senator SIMON. The subcommittee will come to order.

We are holding hearings today on legislation that I have introduced together with Senators Kennedy and Mikulski that is aimed to target the JTPA program a little more specifically, and we are here to hear reaction from some key people in terms of where we should to be going on the JTPA program.

There are five major components to the proposal that we have. One, a formula change to improve the targeting of funds to the economically disadvantaged; 2) the creation of separate parts under this Title for programs to serve only adults over the age of 24 in Title II-A and to serve youth ages 16 through 24 in year-around programs, for youth who also need remedial educational services and summer employment programs in Title II-B; 3) modifications to the present composition of the Private Industry Councils, the PICs, while retaining the requirement that the PIC chair be a representative of the private sector; 4) the creation of the new "Fair Chance: Youth Opportunity Challenge Grant" partnership program serving youth, and 5) an increase of $150 million in Title II-A funds and $150 million in Title II-B funds over current appropriations and II-A youth funds now in II-B.

Basically, the problem of unemployment has not disappeared. We are getting some rosy statistics, but those rosy statistics ignore some realities. They ignore the pockets of poverty that exist in our society; if you are employed one day a week or even one hour a week—you are not counted as unemployed. We have about 3 million Americans working two days a week or less who want to be working full-time who are not counted as unemployed. And some other little things have happened. We have in recent years added the armed forces into the number of those employed, so that all of a sudden it looks better.

But I think it was significant, and I was pleased, when the new Secretary of Labor, at the time the President made the announcement of her nomination, said she had just been to a kitchen for the homeless, and one man came up and said, "If only I could have a job." That happened in Washington, D.C. It is out there. And this country has to do better.

We have to a great extent ignored the underclass in our society, and there is an underclass in our society. One of the few programs that really deals with that is the JTPA program, and we want to make this legislation more effective.

[The prepared statement of Senator Simon, text of S. 543 as introduced, summary of the bill, and section-by-section analysis of the bill follow:]

OPENING STATEMENT FOR SENATOR PAUL SIMON (D-IL)
HEARING ON THE 'THE JOB TRAINING PARTNERSHIP ACT YOUTH EMPLOYMENT AMENDMENTS OF 1989
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
March 9, 1989

GOOD AFTERNOON. I WELCOME EACH OF MY COLLEAGUES AND EACH OF OUR WITNESSES TO THIS HEARING. TODAY'S HEARING IS THE FIRST IN A SERIES IN THIS SUBCOMMITTEE FOR THE 101ST CONGRESS ON MY BILL TO AMEND THE JOB TRAINING PARTNERSHIP ACT (JTPA). THIS BILL, S. 543 "THE JTPA YOUTH EMPLOYMENT AMENDMENTS OF 1989" WAS INTRODUCED YESTERDAY AND I LOOK FORWARD TO WORKING WITH EACH OF YOU AS THIS BILL PROGRESSES THROUGH THE COMMITTEE.

WHILE I WELCOME ALL OF THE WITNESSES HEAR TODAY, I ESPECIALLY WANT TO WELCOME MY FRIEND, RICHARD CELESTE, THE GOVERNOR OF OHIO. I LOOK FORWARD TO HIS AND EACH OF THE PANELIST'S TESTIMONY HERE TODAY.

AS MANY OF YOU MAY ALREADY KNOW, MY BILL TO AMEND JTPA WAS INTRODUCED IN THE SENATE YESTERDAY, BUT IT IS ONE I HAVE BEEN WORKING ON FOR THE LAST EIGHT MONTHS. A PREVIOUS DRAFT VERSION OF THIS BILL WAS THE SUBJECT OF SUBCOMMITTEE HEARINGS IN THE LAST CONGRESS. I ALSO WANT TO MENTION THAT THIS BILL HAS BEEN COSPONSORED BY SENATORS KENNEDY AND MIKULSKI. IN ADDITION, I WANT TO EXPRESS MY APPRECIATION TO CHAIRMAN HAWKINS, OF THE HOUSE EDUCATION AND LABOR COMMITTEE, WHO WAS INSTRUMENTAL IN AUTHORING THE ORIGINAL ACT, ALONG WITH SENATOR KENNEDY AND OUR FORMER COLLEAGUE ON THE COMMITTEE, VICE PRESIDENT QUAYLE. I KNOW CHAIRMAN HAWKINS IS ALSO PLANNING TO INTRODUCE A BILL AND I LOOK FORWARD TO WORKING WITH HIM.

MY BILL IS DESIGNED TO STRENGTHEN EMPLOYMENT AND TRAINING ASSISTANCE PROGRAMS AND TO IMPROVE THE TARGETING OF SERVICES TO ECONOMICALLY DISADVANTAGED ADULTS AND YOUTH, PARTICULARLY THOSE SERVED UNDER TITLE IIA and IIB.

BRIEFLY, THERE ARE FIVE MAJOR COMPONENTS TO THIS BILL: (1) A FORMULA CHANGE TO IMPROVE THE TARGETING OF FUNDS TO THE ECONOMICALLY DISADVANTAGED; (2) THE CREATION OF SEPARATE PARTS UNDER THIS TITLE FOR PROGRAMS TO SERVE ONLY ADULTS OVER THE AGE OF 24 IN TITLE IIA AND TO SERVE YOUTH AGED 16 THROUGH 24 IN YEAR-ROUND PROGRAMS AND SUMMER EMPLOYMENT PROGRAMS IN TITLE IIB; (3) MODIFICATIONS TO THE PRESENT COMPOSITION OF THE PRIVATE INDUSTRY COUNCILS (PICs), WHILE RETAINING THE REQUIREMENT THAT THE PIC CHAIR BE A REPRESENTATIVE OF THE PRIVATE SECTOR; (4) THE CREATION OF THE NEW "FAIR CHANCE: YOUTH OPPORTUNITY CHALLENGE GRANT" PARTNERSHIP PROGRAM SERVING YOUTH; AND (5) AN INCREASE OF $150 MILLION IN TITLE IIA FUNDS AND $150 MILLION IN TITLE IIB FUNDS OVER CURRENT APPROPRIATIONS.

WE ARE FACING -- AND OUR NATION IS FACING TODAY -- THE ONE ENEMY NO PEACE-TIME ECONOMY HAS DEFEATED -- UNEMPLOYMENT. ACHIEVING FULL EMPLOYMENT IS THE NEXT LOGICAL STEP FOR A HUMANE SOCIETY AND A SOCIETY THAT INTENDS TO SQUARELY CONFRONT THE ISSUES OF LONG-TERM COMPETITIVENESS AND PRODUCTIVITY. WE CANNOT BE COMPETITIVE OR

PRODUCTIVE WHEN 10 MILLION AMERICANS ARE OUT OF WORK AND REPRESENT A DEBIT, RATHER THAN A CREDIT OR ASSET TO SOCIETY. WE MUST MEET THE CHALLENGE TO 'PUT AMERICA BACK TO WORK' FOR A SIMPLE REASON. WE HAVE TWO OPTIONS -- TO PAY PEOPLE WHO ARE OUT OF WORK FOR DOING SOMETHING, OR TO PAY THEM FOR DOING NOTHING. I PREFER TO PAY THEM FOR DOING SOMETHING.

DURING THE PAST EIGHT YEARS, BOTH THE REAGAN AND BUSH ADMINISTRATIONS HAVE PRIDED THEMSELVES ON THEIR EFFORTS TO LOWER UNEMPLOYMENT -- AND IT HAS BEEN REDUCED -- HOWEVER, AT THE SAME TIME WE ARE SEEING ALARMING INCREASES IN THE NUMBER OF HOMELESS, ESPECIALLY AMONG FAMILIES AND THOSE SIMPLY DISCOURAGED AND NO LONGER SEEKING WORK. WE ARE SEEING AN INCREASING PERCENTAGE OF CHILDREN BORN INTO POVERTY EACH YEAR, AND RAPIDLY ESCALATING CRIME AND MURDER RATES IN OUR INNER CITIES. I WONDER HOW MANY OF OUR UNEMPLOYED ARE DISCOURAGED WORKERS ARE YOUNG MALES OR TEEN-PARENTS WHO HAVE NEVER ENTERED THE LABOR FORCE AND WOULD BE RESCUED FROM WELFARE OR INCARCERATION IF A MEANINGFUL JOB WAS IN THEIR FUTURE?

IF ONE THING IS CLEAR, IT IS THAT THE PROBLEM CAN BE DEFINED BY THESE STARTLING STATISTICS:

- In 1986, of 4 million young adults who are high school drop outs, one in four was unemployed, and many have never even entered the labor force.

- Another 36 million Americans have some form of disabling condition. Two-thirds of those are unemployed and 2/3rd's are trying to find jobs. For Black Americans with disabilities the unemployment rate is 83%.

- On the average a low-income student can count on receiving about $5,000 per year over four years in federal student assistance to help pay the cost of a college education. That same young man or young woman -- if he or she chooses not to attend college -- will be eligible for only $1,800 for four months of job training and educational assistance under JTPA.

- In 1987, New York Telephone Company had to test 60,000 applicants, many of whom were minorities, in order to hire 3,000 entry-level personnel.

- There are now more black college-age young men in America's prisons than in our colleges and universities! Even as the number of black high school graduates grows, the percentage of blacks entering college is declining.

- The Pennsylvania State University has estimated that the cost of not educating and training disadvantaged young men and women for employment costs America $225 billion each year -- in lost productivity and in welfare payments expenses related to crime prevention and the criminal justice system.

THE CRITICISMS OF JTPA

THE WAY THE JTPA IS CURRENTLY STRUCTURED, IT WILL NOT BE ABLE TO MEET THE GOAL OF PROVIDING A PRODUCTIVE SKILLED WORKFORCE BY THE YEAR 2000. A PROGRAM THAT ENROLLS 37% OF ITS PARTICIPANTS IN SHORT TERM TRAINING PROGRAMS, (AND A MAJORITY OF THE REST OF ENROLLEES ARE IN ON-THE-JOB-TRAINING AND JOB SERVICE PROGRAMS), WILL NOT BE ABLE TO SIGNIFICANTLY IMPROVE THE SKILLED LABOR SHORTAGE. A PROGRAM WILL NOT SUCCEED IN TRAINING THE "HARD TO SERVE" IF THE PROGRAM DOES NOT PROVIDE INCENTIVES TO SERVE THOSE PARTICIPANTS MOST IN NEED OF TRAINING AND PROVIDE THEM MORE COMPREHENSIVE TRAINING SERVICES.

JTPA HAS ACCOMPLISHED ITS GOALS OF INCREASED PARTICIPATION OF THE PRIVATE SECTOR, HIGHER PLACEMENT RATES AND LOWER COSTS PER PLACEMENT. WHY THEN IS ANYONE COMPLAINING ABOUT A PROGRAM THAT HAS ACHIEVED SUCH GOOD RESULTS? IT IS BECAUSE JTPA IS FAILING IN ITS MISSION OF PROVIDING JOB TRAINING OPPORTUNITIES FOR THE "MOST IN NEED" AND IN MEETING THE COUNTRY's NEEDS IN KEEPING AMERICA COMPETITIVE IN WORLD MARKETS.

A SIMON SOLUTION

ONE OF THE MAJOR PROPOSALS IN MY BILL IS TO MODIFY THE COMPOSITION OF PRIVATE INDUSTRY COUNCIL (PIC). WE MUST BROADEN THE REPRESENTATION OF THE PIC IF WE ARE GOING TO EXPECT ANY COMMUNITY-BASED ORGANIZATION OR EDUCATION, PUBLIC ASSISTANCE, ECONOMIC DEVELOPMENT, LABOR, AND VOCATIONAL REHABILITATION PROGRAMS TO WORK MORE CLOSELY WITH THE PRIVATE SECTOR AND THE JTPA PROGRAM AT THE LOCAL LEVEL.

THERE IS ALSO ONE OTHER REASON FOR EXPANDING THE MEMBERSHIP AND BROADENING THE REPRESENTATION ON LOCAL PRIVATE INDUSTRY COUNCILS. THE APPROPRIATION LEVELS FOR TITLES IIA AND IIB HAVE BEEN STAGNANT FOR THE PAST EIGHT YEARS. WE WILL NEVER MEET THE NATION'S TRAINING NEEDS IF WE SERVE ONLY FOUR PER CENT OF THE JTPA ELIGIBLES. CLEARLY, WITHOUT MORE MONEY WE CANNOT REACH THE 'HARD-TO SERVE' NOR ALL OF THOSE WHO COULD BENEFIT FROM JTPA.

FUNDING FORMULA CHANGE

THIS BRINGS ME TO THE OTHER MAJOR IMPETUS BEHIND THIS BILL -- BETTER TARGETING OF LIMITED FEDERAL RESOURCES ON THE "TRULY DISADVANTAGED," THE LONG-TERM, HARD-CORE UNEMPLOYED, AND OUR YOUTH WHO HAVE NEVER ENTERED THE LABOR FORCE AND HAVE NO MEANS TO DO SO WITHOUT THE DIRECT INTERVENTION OF THIS PROGRAM. I DO NOT NEED TO LIST FOR TO YOU THE MANY STUDIES THAT HAVE ALL DOCUMENTED VARIOUS SHORTCOMINGS IN THE EXISTING PROGRAM AND MADE VARIOUS RECOMMENDATIONS FOR STRENGTHENING THE PROGRAM AND BETTER TARGETING LIMITED FEDERAL RESOURCES ON THE DISADVANTAGED.

THE TITLE II PROGRAM FORMULA DOES A POOR JOB OF TARGETING FUNDS WHERE LARGE CONCENTRATIONS OF ELIGIBLE, LOW-INCOME PEOPLE RESIDE AND WHERE SMALL POCKETS OF CONCENTRATED POVERTY EXIST. TO USE MY OWN STATE AS AN EXAMPLE, I WANT TO BETTER TARGET FUNDING SO THAT MORE THAN THE PRESENT 15,000 YOUTH NOW BEING SERVED OUT OF THE 200,000 INCOME-ELIGIBLE IN THE CITY OF CHICAGO ARE SERVED, AS WELL AS TO HIT THOSE

POCKETS OF SEVERE POVERTY IN SUCH PLACES AS EAST ST. LOUIS IN DOWNSTATE ILLINOIS.

I WANT TO WORK WITH EACH OF YOU ON THIS BILL AND I WANT TO DO WHAT IS RIGHT TO MAKE SURE WE ARE USING OUR SCARCE FEDERAL RESOURCES TO PROPERLY SERVE AND TARGET THOSE WHO ARE JOBLESS AND ON VERGE OF HOPELESSNESS. UNEMPLOYMENT IS AN EXPENSIVE ALTERNATIVE TO PROVIDING BASIC SKILLS, EDUCATION AND TRAINING FOR OUR NATION'S UNEMPLOYED YOUTH AND ADULTS.

THE REVEREND DR. MARTIN LUTHER KING, JR. ONCE SAID, "IN OUR SOCIETY, IT IS MURDER, PSYCHOLOGICALLY, TO DEPRIVE A MAN OF A JOB OR AN INCOME. YOU ARE IN SUBSTANCE SAYING TO THAT MAN THAT HE HAS NO RIGHT TO EXIST." **THE NATION'S HIGHEST COMMITMENT -- OUR MOST IMPORTANT NATIONAL GOAL -- MUST BE TO PROVIDE A JOB OPPORTUNITY FOR EVERYONE WHO WANTS TO WORK.**

IF WE WANT PEOPLE TO WORK, THEN WE MUST PROVIDE THE EDUCATION AND TRAINING THAT MAKES EMPLOYMENT AND A LIVING WAGE A REALITY IN THE LIVES OF ALL AMERICANS. WE MUST BUILD PRODUCTIVITY THROUGH EMPLOYMENT. FULL EMPLOYMENT WILL COME WHEN BASIC SKILLS EDUCATION AND TRAINING ARE AVAILABLE TO ALL. MY BILL MOVES US IN THAT DIRECTION.

I LOOK FORWARD TO HEARING THE TESTIMONY OF OUR WITNESSES TODAY ON THIS IMPORTANT ISSUE.

II

101st CONGRESS
1st Session

S. 543

To amend the Job Training Partnership Act to strengthen the program of employment and training assistance under that Act, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 8 (legislative day, JANUARY 3), 1989

Mr. SIMON (for himself, Mr. KENNEDY, and Ms. MIKULSKI) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

---

A BILL

To amend the Job Training Partnership Act to strengthen the program of employment and training assistance under that Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Job Training Partnership Act Youth Employment Amendments of 1989".

SEC. 2. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION FOR ADULT AND YOUTH PROGRAMS.—Section 3(a)(1) of the Job Training Partnership Act (hereinafter referred to as the "Act") is amended by—

(1) inserting "(A)" after the paragraph designation;

(2) striking "There" and inserting in lieu thereof "Except as provided in subparagraph (B), there"; and

(3) inserting the following new subparagraph:

"(B) There are authorized to be appropriated $1,223,000,000 for fiscal year 1990 to carry out the provisions of part A of title II and title IV (other than part B of such title) of this Act.".

(b) AUTHORIZATION FOR YOUTH PROGRAMS.—(1) Section 3(b) of the Act is amended by—

(A) inserting "(1)" after the subsection designation;

(B) striking "There" and inserting "Except as provided in paragraph (2), there"; and

(C) inserting the following new paragraph:

"(2) There are authorized to be appropriated $1,574,000,000 for fiscal year 1990 to carry out the provisions of part B of title II of this Act.".

(2) Section 3 of the Act is amended by redesignating subsections (c), (d), (e), (f), and (g) as subsections (d), (e), (f), (g), and (h), respectively; and

(3) by inserting the following new subsection after subsection (b);

"(c)(1) Not withstanding any other provision of this Act, the total amount allotted to each State under parts A and B of title II shall equal or exceed the amount allotted to such State under such parts for fiscal year 1989.

"(2) If the amounts appropriated under subsections (a) and (b) of this section for any fiscal year are insufficient to meet the requirements of paragraph (1), the total amount allotted under parts A and B of title II shall be ratably reduced.".

SEC. 3. DEFINITIONS.

(a) In General.—Section 4 of the Act is amended—

(1) in clause (F) of paragraph (8) by inserting "or youth" after "adult"; and

(2) by adding the following new paragraph after paragraph (29):

"(30) The term 'long term recipient' means an individual who has received—

"(A) cash payments made pursuant to part A of title IV of the Social Security Act (relating to the aid to families with dependent children program);

"(B) general welfare assistance to Indians, as provided pursuant to the Act of November 2, 1921 (25 U.S.C. (13)), commonly referred to as the Snyder Act;

"(C) cash assistance and medical assistance for refugees made available pursuant to section 412(e) of the Immigration and Nationality Act; or

"(D) benefits offered pursuant to title XVI of the Social Security Act (relating to supplemental security income programs) and title II of such Act (relating to Social Security Disability Insurance);

for 24 months during the 28-month period immediately preceding application for programs offered under this title.".

(b) TECHNICAL AMENDMENT.—Section 502 of the Act is amended by—

(1) striking paragraph (3); and

(2) redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively.

SEC. 4. PRIVATE INDUSTRY COUNCILS.

(a) COMPOSITION AMENDMENTS.—(1) Section 102(a) of the Act is amended—

(A) by striking "and" at the end of paragraph (1); and

(B) by striking paragraph (2) and inserting in lieu thereof the following:

"(2) representatives of organized labor, and representatives of community based organizations who shall constitute not less than 17 percent of the membership of the council; and

“(3) representatives of all educational agencies in the service delivery area, including representatives of institutions of higher education (including private career schools), and public service agencies (including employment service agencies, public assistance agencies, and economic development agencies) who shall constitute not less than 25 percent of the membership of the council.

At least one member of the private industry council appointed pursuant to paragraph (3) shall be a representative of a program or agency providing vocational rehabilitation to people with disabilities.”.

(2) Section 102(c)(2) of the Act is amended to read as follows:

“(2) Education representatives on the council shall be selected from among individuals nominated by regional or local educational agencies, vocational education institutions, institutions of higher education (including private career schools) or general organizations of such schools and institutions within the service delivery area.”.

(3) Section 102(c)(3) of the Act is amended to read as follows:

"(3) The labor representation on the council shall be selected from individuals recommended by recognized State and local labor organizations. If the State or local labor organization cannot adequately meet the labor representation on the private industry council then individuals from unorganized labor may be included on the council to complete the labor representation.

"(4) The remaining members of the council shall include additional representatives from all sectors represented on the council.".

(b) EFFECTIVE DATE.—No private industry council shall be considered to be in violation of the amendments made by subsection (a) of this section until 3 years after the date of enactment of this Act.

SEC. 5. PERFORMANCE STANDARDS.

(a) PERFORMANCE STANDARDS.—The first sentence of section 106(b)(1) of the Act is amended by inserting "the acquisition of basic educational competency and" after "title II is".

(b) MEASUREMENT OF PERFORMANCE STANDARDS.—The second sentence of section 106(b)(1) is amended to read as follows: "In order to determine whether these basic measures are achieved, the Secretary shall prescribe standards on the basis of appropriate factors which may include—

"(1) acquisition of basic skills and workplace competencies including raising the grade level of reading, writing, and computational skills, as well as acquisition of a high school diploma or a general equivalency diploma;

"(2) placement in unsubsidized employment;

"(3) retention in unsubsidized employment for more than 6 months;

"(4) increase in earnings, including hourly wages; and

"(5) reduction in the number of individuals and families receiving cash welfare payments and the amounts of such payments.".

(c) SEPARATE PERFORMANCE STANDARDS.—Section 106(b)(4) of the Act is amended by—

(1) inserting "(A)" after the paragraph designation;

(2) inserting the following new sentence at the end of paragraph (4)(A) (as redesignated in paragraph (1) of this subsection): "The Secretary shall develop one set of performance standards for hard-to-serve individuals, (including handicapped individuals), and one set of performance standards for all other individuals receiving assistance under this Act. Performance standards for hard-to-serve individuals should not emphasize

cost efficiency if such emphasis would impair the effectiveness of programs assisted under this Act."; and

(3) inserting the following new subparagraph at the end thereof:

"(B) The Secretary shall also develop separate performance standards for in-school and out-of-school youth programs assisted under part B of title II of this Act. Such performance standards shall emphasize the development of appropriate outcomes for in-school and out-of-school youth, such as improving basic skills and long term job placement and retention.".

(d) SUPPORTIVE SERVICES.—Section 106(b) is amended by adding at the end thereof the following new paragraph:

"(5) The Secretary shall not prescribe performance standards which penalize service delivery areas for using funds provided for support services pursuant to section 108(b)(2)(A)(iii).".

(e) ADDITIONAL FUNDING FOR SUPPORT SERVICES.—Section 108 of the Act is amended by—

(1) redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively; and

(2) by adding the following new subsection after subsection (b):

"(c) In addition to the funds available pursuant to subsection (b)(2)(A)(iii), an additional 10 percent of the funds available to a service delivery area for programs under part A of title II may be expended for support services if—

"(1) such additional support services funds are spent providing eligible individuals with long term services;

"(2) the request for such additional support service funds is justified in the job-training-plan required under section 104; and

"(3) the request for such additional support service funds is approved by the Governor pursuant to subsection 105.".

(f) SERVICE DELIVERY AREA TRANSFER AND CONTRACT.—Part A of title I of the Act is amended by adding the following new sections at the end thereof:

"SERVICE DELIVERY AREA TRANSFER AND CONTRACT

"SEC. 109. (a) Any service delivery area may enter into a contract with another service delivery area to share the cost of educating, training, and placement of individuals participating in programs assisted under this Act, including the provision of supportive services. Such contract shall include all of the terms and conditions of the agreement between the service delivery areas and shall be approved by an individual representing each private industry council providing guidance to a contracting service delivery area.

"(b) Each contracting service delivery area shall be equally rewarded under the appropriate performance standards.

"CARRYOVER AND REALLOCATION

"SEC. 110. (a) CARRYOVER.—

"(1) In any fiscal year the amount of funds allocated to a service delivery area which can be carried over to the fiscal year following the fiscal year for which the determination is made may not exceed 10 percent of the amount of funds allocated to such service delivery area for the year for which such determination is made.

"(2) The total amount of funds allocated to a service delivery area which can be carried forward to the fiscal year following the fiscal year for which the determination is made may not exceed 20 percent of the amount of funds allocated to such service delivery area for the year for which such determination is made.

"(3) In each fiscal year the Governor shall deduct the amount of funds carried over by a service delivery area in excess of the limitations imposed by paragraphs (1) and (2) from the allocation for such service delivery area for the fiscal year for which the determination is made. Any funds deducted pursuant to this paragraph shall be available for reallocation.

"(b) SERVICE DELIVERY AREA REALLOCATION.—The Governor shall reallot funds available under subsection (a) of this section for reallocation to those service delivery areas that have expended at least 90 percent of the total funds available to such service delivery area. The method the Governor shall use in making such reallocation shall be the same method that was originally used to allocate the funds among service delivery areas within the State.

"(c) STATE REALLOTMENT.—For program years beginning July 1, 1989, and thereafter, the Secretary shall, in accordance with the requirements of this section, reallot to eligible States the funds allotted to States from funds appropriated for such program year that are available for reallotment.

"(d) AMOUNT AVAILABLE FOR REALLOTMENT.—The amount available for reallotment is equal to—

"(1) the amount by which the unexpended balance of the State allotment at the end of the program year prior to the program year for which the determination under this section is made exceeds 20 percent of such allotment for that prior program year; plus

"(2) the unexpended balance of the State allotment from any program year prior to the program year in which there is such excess.

"(e) METHOD OF REALLOTMENT.—(1) The Secretary shall determine the amount that would be allotted to each eligible State by using the same method that was originally used to allocate among eligible States the amount available pursuant to subsection (b) of this section.

"(2) The Secretary shall, by using the same method that was originally used, allot to eligible States the amount available that remains after the allotment required by paragraph (1) of this subsection.

"(f) DEFINITION.—For purposes of this section, an eligible State means a State which has expended at least 80 percent of its allotment for the program year prior to the program year for which the determination under this section is made.".

(g) TECHNICAL AMENDMENT.—The table of contents of the Act is amended by adding after "Sec. 108. Limitation on certain cost." the following:

"Sec. 109. Service delivery area transfer and contract.
"Sec. 110. Carryover and reallocation.".

SEC. 6. ALLOTMENT AND WITHIN STATE ALLOCATION.

(a) ALLOTMENT.—(1) Section 201(b)(1) of the Act is amended—

(A) by striking out subparagraph (A);

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(C) by striking out "33⅓" in subparagraph (A) (as redesignated in subparagraph (B)) and inserting in lieu thereof "50";

(D) by inserting "and" at the end of subparagraph (A) (as redesignated in subparagraph (B)); and

(E) by striking out "33⅓" in subparagraph (B) (as redesignated in subparagraph (B)) and inserting in lieu thereof "50".

(2) Section 201(b)(2)(B) of the Act is amended by striking the first sentence and inserting in lieu thereof the following new sentence: "No State shall be allotted more than 110 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made unless the Secretary waives the limitation imposed by this subparagraph based on a determination that such waiver will result in the effective utilization of funds and enhance the achievement of the objectives of the program.".

(3) Section 201(b)(3)(B) of the Act is amended by—

(A) inserting after the word "individual" the following: "who has attained 25 years of age but not 73 years of age and"; and

(B) inserting at the end thereof the following new sentence: The Secretary shall to the extent practicable, exclude college students and members of the Armed

Services from the member of economically disadvantaged individuals.

(b) Within State Allocation.—(1) Section 202(a)(1) of the Act is amended by striking "78" and inserting in lieu thereof "80".

(2) Section 202(a)(2) of the Act is amended—

(A) by striking out subparagraph (A);

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(C) by striking out "33⅓" in subparagraph (A) (as redesignated in subparagraph (B)) and inserting in lieu thereof "50";

(D) by inserting "and" at the end of subparagraph (A) (as redesignated in subparagraph (B)); and

(E) by striking out "33⅓" in subparagraph (B) (as redesignated in subparagraph (B)) and inserting in lieu thereof "50".

(3) Section 202(a)(2) of the Act is further amended by adding at the end thereof the following flush sentence: "The private industry council in each service delivery area may reserve not more than 10 percent of the funds received under this part for experimental programming for groups with special needs to serve hard-to-serve eligible individuals (such as long-term recipients under the Aid to Families with Dependent Children program). Such funds shall be exempt

from performance standards. The Comptroller General shall conduct a study to review and assess such experimental programs and shall submit the findings to the appropriate committees of Congress within 2 years of the date of enactment of this Act.".

(4) Section 202(a)(3) is amended by inserting after the first sentence the following new sentence: "No service delivery area shall be allocated more than 110 percent of its allocation for the fiscal year preceding the fiscal year for which the determination is made unless the Governor waives the limitation imposed by this subparagraph based on a determination that such waiver will result in the effective utilization of funds and enhance the achievement of the objectives of the program.".

(5) Section 202(a)(3)(B) of the Act is amended by—

(A) inserting after the word "individual" the following: "who has attained 25 years of age but not 73 years of age and"; and

(B) by inserting at the end thereof the following new sentence: "For the purpose of this subparagraph, and to the extent practicable, the Secretary shall exclude college students and members of the armed forces from the number of economically disadvantaged individuals.".

(6) Section 202(b) of the Act is amended—

(A) in paragraph (1) by striking "Eight percent" and inserting in lieu thereof "Five percent";

(B) in paragraph (1) by inserting the following new sentence at the end thereof: "A State may expend funds provided pursuant to this paragraph only to the extent that an equal amount is expended by other Federal, State, local, or private sources to carry out such services.";

(C) by redesignating paragraphs (2), (3), and (4) as paragraphs (3), (4), and (5) respectively; and

(D) by inserting the following new paragraph after paragraph (1):

"(2)(A) Three percent of the allotment of each State for each fiscal year shall be forwarded to service delivery areas to carry out long term training, basic skills, and educational services.

"(B) Out of the funds reserved for the service delivery areas pursuant to this paragraph, the Secretary shall provide for an independent evaluation of services provided under this paragraph and the effectiveness of services provided under this paragraph within one year of the date of enactment of this Act.";

(E) in paragraph (3) (as redesignated in subparagraph (C)) by striking "Three" and inserting "Two";

(F) in paragraph (4)(A) (as redesignated in subparagraph (C)) by striking "Six" and inserting in lieu thereof "Eight"; and

(G) in paragraph (4)(B) (as redesignated in subparagraph (C)) by—

(i) inserting "(i)" after the subparagraph designation; and

(ii) adding the following new clause:

"(ii) The Governor may only award incentive grants to service delivery areas which provide long term training or exceed performance standards relating to—

"(I) raising basic skills competencies;

"(II) serving hard to serve adults; and

"(III) providing long term job placement.

For the purpose of this subparagraph the term 'long term job placement' means employment for a period of at least 9 months.".

SEC. 7. ELIGIBILITY FOR SERVICES.

(a) In General.—Section 203(a)(1) is amended by—

(1) striking "Except as provided in paragraph (2), an" and inserting "An"; and

(2) by adding the following at the end thereof: "In providing services under this title a service delivery

area shall give special emphasis to hard-to-serve populations or individuals most-in-need of basic skills and employment training services. A service delivery area shall test a participant's reading and math skills, and review an applicant's employment history in order to encourage the inclusion rather than the exclusion of those most in need of assistance. A service delivery area is not required to test a participant's reading and math skills if the results of a standardized test administered to individuals within 1 year of application of such individual for services under this part for reading and math are made available to the service delivery area for review.".

(b) SPECIAL RULE.—Section 203(a)(2) of the Act is amended to read as follows:

"(2)(A) Up to 10 percent of all participants in all programs in a service delivery area receiving assistance under this part may be individuals who are not economically disadvantaged if such individuals are in 2 or more of the classes of individuals described in subparagraph (B)(i).

"(B) In addition to the individuals described in subparagraph (A), an additional 5 percent of all participants in all programs in a service delivery area receiving assistance under this part may be individuals who are not economically disadvantaged if—

"(i) such individuals are included in 2 or more of the following categories:

"(I) limited English proficient individuals;

"(II) displaced homemakers;

"(III) school dropouts;

"(IV) teenage parents;

"(V) handicapped individuals;

"(VI) older workers;

"(VII) veterans;

"(VIII) offenders;

"(IX) alcoholics;

"(X) addicts; or

"(XI) homeless individuals; and

"(ii) the plan for inclusion of such individuals has been set forth in the job training plan pursuant to section 104 and has been approved by the Governor pursuant to section 105.".

(c) TRANSFER PROVISIONS.—Section 203(b) is amended—

(1) in the first sentence of paragraph (1) by striking out "Funds" and inserting "Except as provided in paragraph (2), funds";

(2) in the first sentence of paragraph (1) by striking "youth and";

(3) by striking the second sentence of paragraph (1); and

(4) by amending paragraph (2) to read as follows:

"(2) A service delivery area may transfer funds provided under this part to part B of this title for youth programs if a description of such transfer is included in the job training plan pursuant to section 104 and the Governor approves the transfer pursuant to section 105.".

(d) DEFINITION OF ADULT.—Section 203(c) of the Act is amended to read as follows:

"(c) For the purposes of this title, the term 'adult' means an individual who is 25 years of age or older.".

(e) TECHNICAL AMENDMENTS.—(1) Section 104(b) of the Act is amended—

(A) by redesignating paragraphs (9), (10), and (11) as paragraphs (10), (11), and (12), respectively; and

(B) by inserting the following new paragraph after paragraph (8):

"(9) the amount of funds transferred pursuant to section 203(b)(2) and the reasons for such transfer;".

(2) The first sentence of section 204 of the Act is amended by striking "youth and";

SEC. 8. PLACEMENT STUDY.

(a) In General.—Section 205 is amended to read as follows:

"PLACEMENT STUDY

"Sec. 205. The Comptroller General of the United States shall conduct a study to determine how many and what percentage of adults assisted under this part remain in a job in which they were placed through programs assisted under this part for at least 9 months. The Comptroller General shall submit the findings to the appropriate committees of Congress within 2 years of the date of enactment of this Act.".

(b) Technical Amendment.—(1) The table of contents of the Act is amended—

(A) by striking "And Youth" in the heading for part A of title II of the Act.

(B) in the item relating to section 205 by striking "Exemplary youth programs" and inserting in lieu thereof "Placement study";

(2) The heading for part A of title II of the Act is amended by striking "And Youth".

SEC. 9. YOUTH EMPLOYMENT AND TRAINING PROGRAM ALLOTMENT.

(a) Title.—Part B of title II of the Act is amended by striking out "Summer" in the heading of such part.

(b) Section 252(b) of the Act is amended to read as follows:

"(b) Subject to the provisions of subsections (c) and (d), of the remainder of the amount available for this part for each fiscal year—

"(1) 50 percent shall be allotted on the basis of the relative number of economically disadvantaged youth within each State compared to the total number of economically disadvantaged youth in all States;

"(2) 25 percent shall be allotted on the basis of the relative number of unemployed youth who reside in each State compared to the total number of unemployed youth in all the States; and

"(3) 25 percent shall be allotted on the basis of the relative number of the economically disadvantaged youth residing in areas with substantial numbers of economically disadvantaged youth in each State as compared to the total number of such economically disadvantaged youth in all such areas in all States.

"(c) No State shall be allotted less than 100 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made.

"(d) No State shall be allotted more than 110 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made unless the

Secretary waives the limitation imposed by this subsection based on a determination that such waiver will result in the effective utilization of funds and enhance the achievement of the objectives of the program.

"(e) For the purposes of subsection (b)—

"(1) the term 'economically disadvantaged youth' means an individual who is aged 16 through 24 and who has, or is a member of a family which has, received a total family income which, in relation to family size, was not in excess of the higher of the poverty level as issued by the Office of Management and Budget or 70 percent of the lower living standard income level. The term 'economically disadvantaged youth' excludes college students and members of the armed forces, as appropriate, and to the extent practical, as determined by the Secretary; and

"(2) the term 'area with substantial numbers of economical disadvantaged youth' means an area of sufficient size and scope to sustain a program under part B of title II of this Act and in which the percentage of economically disadvantaged youth in the population of youth aged 16 through 24 is at least 20 percent.

"(f)(1) The Governor shall, in accordance with section 162, allocate the allotment of the State (under section 252(b)) for such fiscal year among service delivery areas within the State in accordance with paragraph (2).

"(2) Subject to the provisions of paragraph (3), of the amount available for this part for each fiscal year—

"(A) 50 percent shall be allocated on the basis of the relative number of economically disadvantaged youth within each service delivery area compared to the total number of economically disadvantaged youth in the State; and

"(B) 50 percent shall be allocated on the basis of the number of economically disadvantaged youth residing in areas with substantial numbers of economically disadvantaged youth in each service delivery area compared to the total number of such economically disadvantaged youth in such areas in all service delivery areas in the State.

"(3) For fiscal years beginning after September 30, 1989, no service delivery area within any State shall be allocated an amount equal to less than 90 percent of the average of its allocation percentage for fiscal year 1989. The allocation percentage for a service delivery area is the percentage which the service delivery area received of the total amount allocated pursuant to this subsection to all service delivery areas within the State for each such preceding fiscal year. If the amounts appropriated pursuant to section 3 (a) and (b) of the Act are not sufficient to provide an amount equal to at least 90 percent of such allocation percentages to each such area, the amounts allocated to each area shall be ratably reduced.

"(4) No service delivery area shall be allotted more than 110 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made unless the Governor of the State waives the limitation imposed by this subparagraph based on a determination that such waiver will result in the effective utilization of funds and enhance the achievement of the objectives of the program.

"(5) For purposes of paragraph (2)—

"(A) the term 'economically disadvantaged youth' means an individual who is aged 16 through 24 and who has, or is a member of a family which has, received a total family income which, in relation to family size, was not in excess of the higher of the poverty level as issued by the Office of Management and Budget or 70 percent of the lower living standard income level. The term 'economically disadvantaged youth' excludes college students and members of the armed forces as appropriate and to the extent practical as determined by the Secretary; and

"(B) the term 'area with substantial numbers of economically disadvantaged youth' has the same meaning given that term in subsection (e)(3).".

SEC. 10. USE OF FUNDS.

(a) In General.—Section 253(a) of the Act is amended by—

(1) striking "and" at the end of paragraph (1);

(2) striking the period at the end of paragraph (2) and inserting in lieu thereof a semicolon; and

(3) adding at the end thereof the following:

"(3) needs-based payments necessary to participate in the program in accordance with a locally developed formula or procedure; and

"(4) compensation in the form of work experience wages.".

(b) Additional Services.—Section 253 of the Act is amended by adding at the end thereof the following new subsections:

"(c)(1) In addition to the services set forth in section 255(2) funds available for this part may be used, where appropriate, to provide the following services to in school, dropout prone youth:

"(A) combined basic and life skills instruction, and work experience during the summer months;

"(B) enriched basic skills and study skills training, including tutoring, during the school year;

"(C) supplemental school year activities such as individual and group counseling, mentoring, career awareness, and social group and educational activities;

"(D) preemployment and socialization skills and behavior training; and

"(E) supportive services necessary to enable individuals to participate in the program.

"(2) For the purposes of this subsection the term 'dropout prone youth' is a youth who—

"(A) is at risk of academic failure or of dropping out of school;

"(B) has high absentee rates in addition to poor grades;

"(C) has disciplinary or school suspension problems;

"(D) is a teen parent;

"(E) is of limited English proficiency;

"(F) is a juvenile offender; or

"(G) is educationally and economically disadvantaged.

"(d) In addition to the services set forth in section 255(2) funds available for this part may be used, where appropriate, to provide the following services to school dropouts and out-of-school youth:

"(1) specialized outreach arrangements;

"(2) basic skills training, including tutoring;

"(3) occupational skills training, work experience, limited internships in the private-for-profit sector, and job development and placement assistance;

"(4) work readiness and life skills training, counseling, mentoring, parenting education, and post-program follow-up services; and

"(5) supportive services necessary to enable individuals to participate in the program.

"(e) Programs under this part may be conducted during the summer months or on a year-round, full-time basis, provided no more than 40 percent of the funds available for this part shall be used for summer youth programs.".

SEC. 11. LIMITATIONS.

(a) IN GENERAL.—Section 254(a) is amended to read as follows:

"(a) Programs under this part may be conducted on a year-round, full-time basis or during the summer months.".

(b) SPECIAL CONSIDERATION.—Section 254(b) of the Act is amended by—

(1) inserting "(1)" after the subsection designation;

(2) striking "Except as provided in subsection (c) individuals" and inserting in lieu thereof "Individuals"; and

(3) inserting the following new paragraphs after paragraph (1) (as redesignated in paragraph (1)):

"(2) Special consideration shall be given to economically disadvantaged youth who experience severe disadvantages, such as—

"(A) school dropouts;

"(B) students with poor academic and attendance records;

"(C) students who are eligible for or receive services under the National School Lunch Act or chapter 1 of title 1 of the Elementary and Secondary Education Act of 1965;

"(D) pregnant or parenting teens;

"(E) handicapped youth;

"(F) limited-English proficient students;

"(G) recipients or members of families who are receiving public assistance; or

"(H) juvenile and other youth offenders.

"(3)(A) Up to 10 percent of all participants in the programs assisted under this part may be individuals who are not economically disadvantaged if such individuals are in 2 or more of the classes of individuals described in paragraph (2).

"(B) In addition to the individuals described in subparagraph (A), an additional 5 percent of all participants in the programs assisted under this part may be individuals who are not economically disadvantaged if—

"(i) such individuals are in 2 or more of the classes of individuals described in paragraph (2); and

"(ii) the plan for inclusion of such individuals has been set forth in the job training plan pursuant to section 104 and has been approved by the Governor pursuant to section 105.".

(c) YEAR-ROUND ELIGIBILITY.—Section 254(c) of the Act is amended by—

(1) inserting "(1)" after the subsection designation;

(2) striking "summer", and inserting after "part" a comma and "with priority being given to those individuals who do not meet established levels of academic achievement and who plan to enter the full-time labor market upon leaving school"; and

(3) inserting the following paragraph after paragraph (1) (as redesignated in paragraph (1)):

"(2) Individuals eligible to participate in year-round programs under this part are—

"(A) youth who are aged 16 through 24;

"(B) economically disadvantaged youth; and

"(C) youth who are deficient in basic skills.".

SEC. 12. REQUIREMENTS FOR YEAR-ROUND PROGRAMS.

(a) IN GENERAL.—Title II of the Act is amended—

(1) by redesignating section 255 as section 256; and

(2) by adding after section 254 the following new section:

"REQUIREMENTS FOR YEAR-ROUND PROGRAMS

"SEC. 255. (a) A service delivery area operating a year-round program under this part shall—

"(1) include in the job training plan a description of the year-round program including—

"(A) goals and objectives to be attained,

"(B) activities and services to be provided,

"(C) linkages established with other local agencies to provide services under the year-round program, and

"(D) service strategies of demonstrated effectiveness on which the provision of services will be based or, where new strategies are undertaken, the design of the program that will allow for rigorous and objective evaluation of the new strategies;

"(2) provide to each participant—

"(A) the development of a service strategy; and

"(B) basic skills assistance; and

"(3) establish linkages with local educational agencies that include, but are not limited to—

"(A) arrangements to ensure that the program assisted under this section supplements existing programs provided by local education agencies to in-school youth;

"(B) arrangements to ensure that the program assisted under this section utilizes existing services provided by local education agencies to out-of-school youth to the extent possible;

"(C) agreements providing that, where feasible, the local educational agencies shall notify the program assisted under this section when a youth drops out of the school system;

"(D) arrangements for obtaining information relating to the literacy levels of participants; and

"(E) other appropriate linkages which enhance the provision of services assisted under this section.

The private industry council in each service delivery area operating a year-round program under this part may establish linkages with local service agencies, community organizations, business and labor organizations, volunteer groups working with at-risk youth, parents and family members, juvenile justice systems, and other training, education, employment, and social service programs, including programs conducted under part A of title II.

"(b) LIMITATION.—Not more than 15 percent of the funds available for year-round programs assisted under this part may be used to pay the costs of administration.".

(b) TECHNICAL AMENDMENT.—The table of contents in part B of title II of the Act is amended—

(1) by redesignating the item relating to section 255 as section 256; and

(2) by adding the following after section 254:

"Sec. 255. Requirements for year-round programs.".

SEC. 13. EXEMPLARY YOUTH PROGRAMS.

Part B of title II of the Act is amended by inserting the following new section after section 256 (as amended in section 12(a)(1) of this Act):

"EXEMPLARY YOUTH PROGRAMS

"SEC. 257. (a) In addition to the services for youth which may be available in accordance with this part, the job training plan may, at the option of those responsible for its preparation, elect to include one or more of the exemplary youth programs described in subsections (b) through (e) of this section, each of which may be modified by the plan to accommodate local conditions.

"(b)(1) The job training plan may provide for the conduct of a 'basic skills for employment program' for eligible youth who have not attained a high school diploma or who have basic skills deficiencies despite the attainment of a diploma, with priority given to high school dropouts.

"(2) The basic skills for employment programs may provide for the maintenance of a network of learning centers offering individualized or group instruction in convenient locations, such as schools, neighborhood organizations, libraries, and other sites, including mobile vans in rural areas.

"(3) The curricula provided by such network shall be designed to prepare the student to meet State and locally determined general education diploma and basic skills competency requirements.

"(4) For purposes of this section, priority shall be given in the selection of service providers to previously funded in-school and community based organization projects which are both cost-effective and of demonstrated success, and which otherwise meet the criteria of this Act.

"(c)(1) The job training plan may provide for the conduct of a 'preemployment skills training program' for youth, and individuals aged 14 and 15, with priority being given to those individuals who do not meet established levels of academic achievement and who plan to enter the full-time labor market upon leaving school.

"(2) The preemployment skill training program may provide youth up to 200 hours of instruction and activities.

"(3) The instruction and activities may include—

"(A) assessment, testing, and counseling;

"(B) occupational career and vocational exploration;

"(C) job search assistance;

"(D) job holding and survival skills training;

"(E) basic life skills training;

"(F) remedial education;

"(G) labor market information; and

"(H) job-seeking skills training.

"(d)(1) The job training plan may provide for the conduct of an 'entry employment experience program' for youth who—

"(A) have completed preemployment skills training or its equivalent;

"(B) have not recently held a regular part-time or summer job for more than 250 hours of paid employment, except that this paragraph may be waived in accordance with criteria established in the job training plan; and

"(C) are enrolled in a secondary school or an institution offering a certified high school equivalency program and are meeting or have met the minimum academic and attendance requirements of that school or education program during the current or most recent term,

with priority given to youth who do not plan to continue on to postsecondary education.

"(2) Entry employment experiences may be up to 20 hours weekly during the school year or full time during the summer and holidays, for a total of not to exceed 500 hours of entry employment experience for any individual. Such experiences shall be appropriately supervised, including the maintenance of standards of attendance and worksite performance.

"(3) Entry employment experiences may be one of the following types:

"(A) Full-time employment opportunities in public and private nonprofit agencies during the summer and on a part-time basis in combination with education and training activities. These jobs shall provide community improvement services that complement local expenditures.

"(B) Tryout employment at private for-profit worksites, or at public and private nonprofit worksites when private for-profit worksites are not available. Compensation in lieu of wages for tryout employment shall be paid by the grant recipient, but the length of any assignment to a tryout employment position shall not exceed 250 hours. Tryout employment positions shall be ones for which participants would not usually be hired (because of lack of experience or other barriers to employment), and vacancies in such positions may not be refilled if the previous participant completed the tryout employment but was not hired by the employer.

"(C) Cooperative education programs to coordinate educational programs with work in the private sector.

"(e)(1) The job training plan may provide for the conduct of a 'school-to-work transition assistance program' for youth who are—

"(A) high school seniors who plan to enter the full-time labor market upon graduation, with priority to seniors in high schools having a predominance of students from families with incomes below 70 percent of the lower living standard income level; and

"(B) dropouts, with followup as immediately as possible after leaving school.

"(2) Transition services include—

"(A) provision of occupational information;

"(B) short-duration job search assistance;

"(C) job clubs;

"(D) placement and job development; and

"(E) followup.

"(3) Seniors and dropouts who are eligible for and in need of training activities may be provided information and, where appropriate, referred to—

"(A) preemployment skills training, entry employment experience, and remedial education and basic skills training;

"(B) adult training activities; and

"(C) the Job Corps.".

(c) TECHNICAL AMENDMENT.—The table of contents in part B of title II of the Act is amended by adding the following after section 256 of the Act (as amended by section 12(b)):

"Sec. 257. Exemplary youth programs.".

SEC. 258. REPLICATION OF SUCCESSFUL PROGRAMS.

(a) IN GENERAL.—Part B of title II of the Act is amended by inserting the following new section after section 257 of the Act (as amended by section 13(b)):

"(a) REPLICATION PROGRAM AUTHORIZED.—From funds appropriated pursuant to section 3(b) of the Act, the Secretary shall, in consultation with the expert review panel appointed pursuant to subsection (c), make grants to national or regional public or private nonprofit organizations which meet the requirements of this section for the provision of technical assistance, and to States and service delivery areas for costs associated with the development and operation of model programs approved by the Secretary in accordance with the provisions of this section.

"(b) APPROPRIATIONS FORMULA.—(1) If the amount appropriated under section 3(b) for any fiscal year exceeds $1,424,000,000 but does not exceed $1,524,000,000 then the lesser of—

"(A) the amount of such excess, or

"(B) $10,000,000,

shall be used for the demonstration programs authorized by this part.

"(2) If the amount appropriated in any fiscal year exceeds $1,524,000,000 then the lesser of—

"(A) the amount of such excess, or

"(B) $20,000,000,

shall be used for the demonstration programs authorized by this part.

"(3) This paragraph shall apply notwithstanding any other provision of law enacted after the date of enactment of this Act, including any appropriations Act, unless this subsection is specifically cited in such provision of law.

"(c) REVIEW PANEL.—(1) The Secretary shall appoint a review panel of recognized experts in the evaluation of employment and training programs for economically disadvantaged youth. Such panel shall select and designate model programs pursuant to the provisions of this section. The review panel shall meet at least once each year to carry out the responsibilities described in this section. No member of such panel shall have a direct financial interest in or affiliation with a potential recipient of funds under the program authorized by this section.

"(2) The review panel shall select and designate model programs and make recommendations to the Secretary regarding those programs the review panel deems likely to be successful in improving the employment prospects of economically disadvantaged youth and which are replicable on a large scale. In selecting such programs the review panel shall consider—

"(A) the size and scope of the program;

"(B) the length of time the program has been operating;

"(C) the nature and reliability of measurable outcomes for the program;

"(D) the capacity of the sponsoring national or regional organization to provide the technical assistance necessary for States and local communities to replicate the program; and

"(E) the likelihood the program will be successful in diverse economic, geographic, and cultural environments.

"(3) Each member of the review panel who is not an officer or employee of the United States shall be compensated at a rate established by the review panel not to exceed the daily equivalent of the annual rate of basic pay prescribed for grade GS–18 of the General Schedule under section 5332 of title 5, United States Code, for each day (including travel-time) during which such member is engaged in the actual performance of duties as a member of the review panel. Each member of the review panel who is an officer or employee of the United States shall receive no additional compensation.

"(d) SPECIAL CONSIDERATION.—The review board shall give special consideration to programs that have the demonstrated ability to integrate or coordinate services through collaborative efforts with other service providers in the areas of basic skills instruction, occupational, and pre-employment and work maturity training programs.

"(e) CRITERIA FOR MODEL PROGRAMS.—The review panel shall consider any program for designation as a model program if such program—

"(1) is designed to improve the employment prospects of economically disadvantaged youth;

"(2) is sponsored or operated by a national or regional public or private nonprofit organization with the capacity to provide the technical assistance necessary to enable States and local communities to implement the program;

"(3) has demonstrated reasonable evidence of success, as reflected in measurable outcomes related to stated program goals and objectives; and

"(4) has operated on a scale sufficient to demonstrate that the program has the potential to be replicated across a wide range of sites and successfully serve large numbers of economically disadvantaged youth.

"(f) APPLICATIONS.—Each public or private nonprofit organization, State, or service delivery area desiring to receive a grant under this Act shall submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Each such application shall—

"(1) describe the activities and services for which assistance is sought; and

"(2) contain such information and assurances as the Secretary may require to ensure compliance with the provisions of this Act.

"(g) GRANT LIMITATIONS.—(1) In any 3-year period the Secretary shall not approve grants for the same replication activities in more than 10 States or communities. During this 3-year period, the results of such limited replication efforts shall be carefully evaluated and examined by the review panel, which shall submit recommendations to the Secretary regarding the advisability of replicating the model program in more than 10 States or communities or for longer than 3 years. On the basis of such recommendations, the Secretary shall have authority to replicate such programs in more than 10 communities or for longer than 3 years.

"(2) Notwithstanding the provisions of paragraph (2), the Secretary may, upon recommendation of the review panel, waive the limitation set forth in paragraph (1) if immediate replication efforts on a larger scale is warranted by extensive evaluation of the program prior to its designation as a model program pursuant to the provisions of this paragraph.".

(b) TECHNICAL AMENDMENT.—The table of contents in part B of the Act is amended by adding the following after section 257 (as amended in section 13(c)(2)):

"Sec. 258. Replication of successful programs.".

SEC. 14. FAIR CHANCE YOUTH EMPLOYMENT AND TRAINING CHALLENGE GRANT.

(a) IN GENERAL.—Title IV of the Act is amended by adding at the end thereof the following new part H:

"PART H—FAIR CHANCE YOUTH OPPORTUNITY CHALLENGE GRANT

"STATE ALLOTMENT

"SEC. 491. (a)(1) The Secretary shall allot for each fiscal year to each State which has submitted a plan under section 493 a portion of the funds appropriated under the authority of section 499 for such fiscal year that bears the same relationship to the total amount of such funds as the youth population of such State bears to the total youth population of the United States.

"(2)(A) Except as provided in subparagraph (B), the amount allotted to each State under paragraph (1) for each fiscal year shall equal or exceed $250,000.

"(B) The amount allotted under paragraph (1) for each fiscal year to each of the following shall equal or exceed $125,000: the United States Virgin Islands, the Commonwealth of Puerto Rico, Guam, American Samoa, the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, and Palau.

"(b)(1) In any fiscal year the amount of funds allotted to a State which can be carried over to the fiscal year following the fiscal year for which the determination is made may not exceed 10 percent of the amount of funds allotted to such State for the year for which such determination is made.

"(2) The total amount of funds allotted to a State which can be carried forward to the fiscal year following the fiscal year for which the determination is made may not exceed 20 percent of the amount of funds allotted to such State for the year for which such determination is made.

"(3) In each fiscal year the Governor shall deduct the amount of funds carried over by a State in excess of the limitations imposed by paragraphs (1) and (2) from the allotment for such State for the fiscal year for which the determination is made. Any funds deducted pursuant to this paragraph shall be available for reallocation.

"(4) The Secretary shall reallot any funds appropriated for a fiscal year under the authority of section 499 that have not been obligated before July 1 of the succeeding fiscal year among those States that have obligated before such date all of such funds allotted to those States. The portion of such funds reallotted to each of such States shall bear the same relationship to the total amount of such funds as the youth population of such State bears to the youth population of such States.

"(c) In awarding grants under this part the State agency shall give priority to consortia serving demonstration target areas with high proportions of—

"(1) economically disadvantaged youth;

"(2) school dropouts;

"(3) students who are eligible for school lunch or breakfast or education services under chapter 1 of title 1 of the Elementary and Secondary Act of 1965;

"(4) limited-English proficient students; or

"(5) juvenile and other youth offenders.

"(d) The Secretary shall provide for the active consultation and participation of the Secretary of Education in the promulgation of regulations necessary to carry out the provisions of this part.

"GRANTS

"SEC. 492. The funds allotted to each State under section 491 shall be used by the State agency to provide grants to eligible consortium in the State to pay not more than 50 percent of the costs incurred by such consortium in providing comprehensive education, training, and support services and programs in demonstration target areas to youth living within such demonstration target areas who seek such opportunities.

"STATE PLAN

"SEC. 493. The Governor of each State shall submit a 5-year plan to the Secretary for carrying out the provisions of this part. Each such plan shall—

"(1) designate the State agency responsible for supervising the preparation and administration of the plan;

"(2) provide for the appointment of an advisory group by the Governor (or the designation of an existing State coordinating body which is broadly representative of the education and training resources of the State, including, but not limited to, the State Job Training Coordinating Council) to participate in the development and review of the State's plan, including State officials for education, vocational-technical education, employment and training, and social services, as well as representatives of business, industry, labor, and community-based agencies offering alternative education or training programs;

"(3) provide for the designation of eligible demonstration target areas within each State which are characterized by chronically low levels of economic activity or a deteriorating economic base which has caused such adverse effects as—

"(A) a concentration of unemployed youth which substantially exceeds the average rate of unemployment among youth in the State, or

"(B) a large concentration of low-income youth and families;

"(4) provide assurances that the size and scope of the demonstration target area to be served as part of any approved application is calculated to provide access to education, training, and support services to youth living in such target area who seeks such opportunities;

"(5) provide assurance that funds provided under this part will be used to supplement, and not supplant, funding from other local, State, and Federal sources available to youth in demonstration target areas;

"(6) provide assurances that program activities funded under this part are coordinated with programs in the State operated under the Carl D. Perkins Vocational Education Act, the Adult Education Act, the Elementary and Secondary Education Act of 1965, the Higher Education Act of 1965, the Rehabilitation Services Act of 1973, the Job Training Partnership Act, the Family Support Act, and with any other relevant employment, training, and education programs available in the State;

"(7) provide assurances of an opportunity for review and comment of any application under this part by the State Job Training Coordinating Council or the local private industry council(s) serving the demonstration target area prior to approval by the State;

"(8) provide for the evaluation of the Fair Chance Youth Opportunity Challenge Grant program to determine whether—

"(A) the increased education, training, counseling, career development, and other support services guaranteed to youth living in demonstration target areas result in increased rates of enrollment, retention, and completion, and

"(B) the extent to which current programs available to youth in the demonstration target areas are of sufficient number, variety, and quality to meet demand; and

"(9) provide such information in such form as the Secretary may reasonably require to enable the Secretary to aggregate and analyze data necessary for the completion of the national evaluation of programs funded under this part pursuant to section 497.

"ELIGIBLE CONSORTIA

"SEC. 494. (a)(1) Eligible consortia applying for demonstration grants under this part must be broadly representative of the education and training providers of their community. Each such eligible consortia shall consist of—

"(A) representatives of business, industry, and labor;

"(B) community-based organizations, including youth-serving organizations;

"(C) State and local education agencies, including area vocational schools;

"(D) State and local employment and training agencies;

"(E) institutions of postsecondary education, including community colleges and vocational-technical education institutes; and

"(F) residents of demonstration target areas who are typical of youth to be served under this part.

"(2) An eligible consortia may consist of any existing entity including any community organization or group which meets the representation requirements of subparagraphs (A) through (F) of paragraph (1). Such existing entities may include—

"(A) local education entities, districts, or areawide councils;

"(B) community education districts;

"(C) private industry councils;

"(D) youth coordinating councils;

"(E) county or regional economic development authorities; or

"(F) other appropriate entities which are broadly representative of the public and private education and training resources of the entire community and demonstrate the capacity to carry out the provisions of this part.

"(b) The State agency designated by the Governor pursuant to section 493(a) shall award at least 1 and not more than 2 eligible consortia assistance under this Act.

"(c) Eligible consortia that already have programs designed to integrate services available to youth and increase access to programs for youth consistent with the provisions of this part are encouraged to apply to the State agency for assistance under this Act in order to strengthen, enhance, expand, and evaluate such programs and services to both college-bound and non-college-bound youth.

"(d) States shall encourage consortia to make use of the resources, expertise, and commitment of both formal institutions of education, such as colleges, universities, vocational and technical schools and institutes, and community colleges, as well as such service providers as—

"(1) community-based organizations providing vocational skills, literacy, remedial education, and general equivalency preparation, including those serving youth with limited English proficiency;

"(2) youth conservation and human service corps;

"(3) Job Corps centers;

"(4) apprenticeship programs; and

"(5) projects and programs funded under the Job Training Partnership Act.

"APPLICATION

"SEC. 495. (a) Any eligible consortium desiring to receive a demonstration grant under this part shall submit an application to the State agency at such time, in such manner, and containing or accompanied by such information as the State agency may reasonably require. Each such application shall—

"(1) contain a five-year plan for the development and implementation of activities under this part;

"(2) demonstrate a means to ensure that all youth in a demonstration target area have access to a comprehensive range of education and training opportunities;

"(3) containing a description of resources available in a demonstration target area from private, local government, State, and Federal sources which will be used in the demonstration program;

"(4) provide an estimate of the expected number of youth to be served and the total cost thereof;

"(5) include an estimate of funds required to ensure access to appropriate education, training, and support services for all youth who seek such opportunities;

"(6) provide outreach, recruitment, and motivational mechanisms to encourage youth within the demonstration target area to pursue appropriate education and training;

"(7) provide a case management and career development system to ensure each youth a well-trained and committed career counselor who offers continuous assessment, career information, counseling, placement, follow-up, and advocacy assistance to all participating youth;

"(8) include a cooperative agreement among youth-serving organizations and public and private agencies within the consortium designed to ensure coordination, pool resources, avoid duplication, and, where feasible, tap the energies and talents of community volunteers of all ages, including adult mentors and students;

"(9) provide for the maintenance of such information as may be required by the State and Secretary, including data necessary for the national evaluation described in section 497, to ensure that such State and its demonstration grant recipients are complying with the requirements of this part;

"(10) demonstrate that varied sources of funding will be fully utilized and effectively coordinated within the demonstration target area;

"(11) where appropriate, provide for the sharing of facilities, equipment, and resource materials among consortia members;

"(12) establish outcomes for participating youth and specify accountability measures for assessing such outcomes; and

"(13) demonstrate the capability to establish a coordinated and comprehensive program which serves the broadest possible range of youth interests and needs, and simultaneously mobilizes the diverse range of education and training providers in the geographic area.

"(b) Any application approved by the State agency for the purposes of this part shall be broad enough to support vocational and technical education, skills training, academic remediation, work experience, counseling, career development, and other support services, and shall seek to encourage and increase enrollment in both two- and four-year colleges leading to an associate or baccalaureate degree.

"USE OF FUNDS, NON-FEDERAL SHARE

"SEC. 496. (a)(1) No funds provided under this part shall be used by local education agencies to provide educational services to youth enrolled in secondary schools during regular school hours.

"(2) No funds under this part shall be used for student financial assistance, except to the extent permitted by regulations promulgated by the Secretary. Any such regulations shall require documentation of a finding that the lack of such funds prohibits access to needed education or training and that existing Federal, State, and local student financial aid available to youth within the demonstration target area has been fully utilized.

"(b) The portion of the costs described in section 492(a) that are not paid by a grant provided under that section shall be paid in cash and may include funds from other Federal, State, or local sources including private sector contributions.

"(c) Not more than 5 percent of funds allotted to each State in any fiscal year under this section 491 may be expended for administrative costs incurred by the State in carrying out the program established under this part.

"EVALUATION

"SEC. 497. (a) The Secretary shall provide a thorough, independent evaluation of the various approaches taken by the States in different demonstration programs to assess the outcomes of youth participating in such programs. Evaluation measures may include—

"(1) enrollment, retention, and completion rates;

"(2) high school graduation rates;

"(3) avoidance of anti-social behavior and self-destructive behavior;

"(4) subsequent employment;

"(5) continued pursuit of advanced education and training;

"(6) admission into four-year colleges and universities; or

"(7) admission into the armed forces, and similar measures.

"(b) The Secretary shall develop a report detailing the results of the independent evaluation and submit such report to the President and the Congress no later than December 31, 1994, along with an analysis of expenditures made, results achieved, and problems in the operations and coordination of programs funded under this part. Such report should summarize findings concerning—

"(1) whether, if a combination of education, training, career guidance, counseling, and other support services were made to youth living in designated geographic target areas, the rates of student enrollment, retention, and completion would increase;

"(2) the extent to which current programs are sufficient in number, variety, and quality to meet demand; and

"(3) the feasibility of extending access to comprehensive education, training and support services and programs required under this part to all areas of the nation, including possible approaches to the incremental extension of such access over time.

"DEFINITIONS

"SEC. 498. As used in this part:

"(1) The term 'demonstration target area' means a geographic area described in section 493 (3) and (4) that is designated under a plan submitted under section 493.

"(2) The term 'State agency' means the State agency designated by the Governor of each State responsible for supervising and the preparation and administration of the State plan.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 499. There are authorized to be appropriated to carry out the provisions of this Act—

"(1) $100,000,000 for fiscal year 1990,

"(2) $150,000,000 for fiscal year 1991,

"(3) $200,000,000 for fiscal year 1992,

"(4) $250,000,000 for fiscal year 1993, and

"(5) such sums as may be necessary for fiscal year 1994.".

(b) TECHNICAL AMENDMENT.—Section 3(a)(1)(B) of the Act (as amended by section 2 of this Act) is further amended by adding "and part H" after "part B".

(c) TABLE OF CONTENTS.—The table of contents of the Act is amended by adding after "Sec. 481. Affirmative action." the following:

"PART H—YOUTH OPPORTUNITY DEMONSTRATION GRANT

"Sec. 491. State allotment.
"Sec. 492. Grants.
"Sec. 493. State plan.

"Sec. 494. Eligible consortia.
"Sec. 495. Application.
"Sec. 496. Use of funds; non-Federal share.
"Sec. 497. Evaluation.
"Sec. 498. Definitions.
"Sec. 499. Authorization of appropriations.".

SEC. 15. NATIONAL COMMISSION FOR EMPLOYMENT POLICY.

(a) NATIONAL COMMISSION FOR EMPLOYMENT POLICY.—Title IV of the Act is amended by striking part F.

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) Section 3(a)(2) of the Act is amended by striking "(E), (F), and (G)" and inserting in lieu thereof "(E) and (G)".

(2) Section 3(a)(3) of the Act is amended to read as follows:

"(3) Of the amounts so reserved under paragraph (2), 5 percent shall be available for part C of title IV.".

(c) TECHNICAL AMENDMENT.—The table of contents of the Act is amended by striking part F and all that follows through item relating to section 475.

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SUMMARY OF SENATOR SIMON'S BILL
THE JOB TRAINING PARTNERSHIP ACT
YOUTH EMPLOYMENT AMENDMENTS OF 1989
March 8, 1989

The bill to amend the Job Training Partnership Act (JTPA) seeks to strengthen employment and training assistance programs under JTPA and to improve the targeting of services to economically disadvantaged adults and youth under the Title II. There are five major components to this bill: (1) a formula change to improve the targeting of funds to the economically disadvantaged; (2) the creation of separate parts under this title for programs to serve only adults over the age of 24 in Title IIA and to serve youth aged 16 through 24 in year-round programs, (for youth who also need remedial education services), and summer employment programs in Title IIB; (3) the creation of a new "Fair Chance: Youth Opportunity Challenge Grant" program to support partnership programs serving youth; (4) modifications to the present composition of Private Industry Councils (PICs), while retaining the requirement tht the PIC Chair be a representative of the private sector; and (5) an increase of $150 million in Title IIA funds, (excluding those funds now spent on youth that are being transferred to the IIB youth part), and $150 million in Title IIB funds over current appropriations and IIA youth funds transferred into IIB.

Funding Formula Change

Presently, both Title IIA, the Block Grant Program, and Title IIB, the Summer Youth Employment and Training Program, use the same formula for the distribution of funds. The current formula is based on the following numbers -- two-thirds on unemployment figures, and one-third on the number of economically disadvantaged individuals. While both programs are designed to serve economically disadvantaged youth and adults, only one-third of the formula is based on the number of economically disadvantaged persons.

Problems with the current funding formula are particularly evident in the Title IIB program for disadvantaged youth. Since many economically disadvantaged youth may never have been employed, they do not appear on unemployment rolls and are not counted in unemployment statistics. Consequently, funds for this program are not targeted where the need is greatest, particularly in areas with large concentrations of disadvantaged youth.

This draft bill would create separate funding formulas for Title IIA and IIB and would change the factors on which funds are allotted or re-distribute the percentage amounts for each of the existing categories listed below. The state formula will have a 100% hold-harmless, based on FY 1989 dollars, in both programs (the within state formula will retain its 90% hold-harmless). In Title IIA, the state and within state formula is identical and is based on the following factors:

- 50% of the amount shall be allotted on the basis of the relative excess number of unemployed adults (raised from 33 1/3% in current law); and
- 50% of the amount shall be allotted on the number of economically disadvantaged adults (raised from 33 1/3%).
- Deletes the 33 1/3% factor currently allotted for areas of substantial numbers of unemployed.

In Title IIB the state and within state formula is a two-tiered one based on different formula factors. The state formula will have a 100% hold harmless, based on FY 1989 dollars, and is as follows:

- 50% of the amount shall be allotted on the basis of the number of economically disadvantaged youth in the state (raised from 33 1/3% in current law);
- 25% of the amount shall be allotted on the basis of the relative number of unemployed youth (lowered from 33 1/3%); and
- 25% of the amount shall be allotted on the basis of the relative number of economically disadvantaged youth residing in "areas with substantial numbers of economically disadvantaged youth" in each state as compared to the total number of youth in all such areas in all states. (The term "Areas of substantial numbers" means any area with sufficient size and scope to sustain a program in Title IIB and in which the percentage of economically disadvantaged youth population aged 16 through 24 is at least 20%. This factor is based on the "areas of substantial unemployment" concept used in the current formula.)

The within state or service delivery area (SDA) formula in IIB is as follows:

- 50% of the amount shall be allotted on the basis of the number of economically disadvantaged youth in the SDA compared to the total number of economically disadvantaged youth in the state (raised from 33 1/3% in current law); and,
- 50% of the amount shall be allotted on the basis of the relative number of economically disadvantaged youth residing in "areas with substantial numbers of economically disadvantaged youth" in each SDA as compared to the total number of youth in all such SDAs in the state. (The term "Areas of substantial numbers" means any area with sufficient size and scope to sustain a program in Title IIB and in which the percentage of economically disadvantaged youth in the population of youth aged 16 through 24 is at least 20%. Also, this factor is based on the "areas of substantial unemployment" concept used in the current formula.)

* The two factors based upon unemployment data are deleted from this formula.

PIC Modification

The third major provision in this draft is a change in the present composition of the private industry councils (PICs). Under current law the PIC must be composed of a "majority" of private sector representatives and the Chair is selected from the private sector. This draft bill retains this language. Language is added, however, to require a minimum representation of other groups on the PIC.

The additional PIC requirements include: a minimum of 17% of the PIC be representatives from organized labor and community-based organizations, (with a stipulation added that when labor cannot adequately meet the labor representation on the PIC then individuals from unorganized labor may be included on the council to complete the labor representation); and, that a minimum of 25% of the PIC be comprised of representatives of all education agencies, rehabilitation agencies, public service and assistance agencies, economic development agencies, and public employment service agencies.

There are two primary reasons for the PIC modification. These are: (1) to ensure that a variety of groups are represented on the PIC in order to improve coordination with community-based organizations (CBOs) and with public assistance agencies who will be working to implement Welfare Reform; and (2) to ensure that a wider variety of groups are working to increase the support and funding for this program.

Challenge Grant

The creation of a new "Fair Chance: Youth Opportunities Challenge Grant" program is based on a proposal described in a William T. Grant Foundation report, "The Forgotten Half: Pathways to Success for America's Youth and Young Families." This program is designed to stimulate the development of an integrated approach for the education, training, and service needs for all youth. The program would fund one to two demonstration programs in each state to target non-college bound youth and offer the services necessary to enable youth to readily access post-secondary education and training opportunities. Each program would be designed to include the following:

* a cooperative agreement among youth-serving agencies and public and private agencies to ensure coordination of resources and to avoid duplication;

* outreach and recruitment efforts to target "harder-to-serve" youth;

* a case management system to assure each participant the ongoing assessment, mentors and counseling, placement, follow-up, and advocacy needed for success; and

- a thorough, independent evaluation of the various program approaches taken to measure their respective costs and effectiveness.

This new "Challenge Grant" program shall be administered by the Secretary of Labor and authorized at $100 million in FY 1990. Under this program, the Secretary would pay 50% of the costs of each program on a matching grant basis. The remaining 50% match may include funds from other federal, state, and local sources, including private sector contributions.

Additional Changes

There are a number of other changes included in this bill. The first of these is an additional "window" of eligibility for services to those who are non-economically disadvantaged in the IIB program. This "window" may also be increased in both programs from the present 10% to 15% with state approval. This provision would allow non-economically disadvantaged individuals to receive Title IIA and IIB services if they face multiple barriers to employment.

Secondly, the state set-aside in the IIA program is reduced from 22% of funds to 20% primarily by decreasing from 8% to 5% the set-aside for education programs -- the remaining 3% would be passed on to the SDA level for long-term training, basic skills, and educational services. In addition, 10% of funds in Title IIA may be reserved, at the SDA's option, for experimental programs to provide services to "hard-to-serve" populations and would be exempt from performance standards.

Finally, some of the performance standards have been amended to emphasize the need for improving basic skills and to emphasize longer term placements in unsubsidized employment. Also, the Secretary will be required to develop separate performance standards for in-school and out-of-school youth assisted under Title IIB. Additionally, SDAs will have the option of raising the present 15% cap on funds for supportive services to a total of 25% with state approval.

A BILL TO AMEND TITLE II
OF THE JOB TRAINING PARTNERSHIP ACT (JTPA)

Section by Section Summary
March 8, 1989

Section 1 -- Short Title: Job Training Partnership Act (JTPA) Youth Employment Amendment of 1989.

Section 2 -- AUTHORIZATION OF APPROPRIATIONS

Amends Sec. 102 of the Act by deducting 40% of IIA funds mandated in current law for services to eligible youth and transfering that amount to Title IIB. (a) After transfering 40% of funds from IIA to IIB, an increase of an additional $150 million is authorized over the remaining appropriations for a total authorization of $1.223 billion.

(b) Authorizes in FY 1990 an increase of $150 million, in addition to the 40% of funds from IIA, for a total authorization of $1.574 billion.

(c)(1) Insert new language that the total amount alloted to each State under IIA and IIB shall equal or exceed the amount alloted to such State for FY 1989.

(c)(2) Insert new language so that if the amounts appropriated under (a) and (b) above for any fiscal year are insufficient to meet the requirements of paragraph (1), the total amount alloted under IIA and IIB shall be ratably reduced.

Section 3 -- DEFINITIONS

Section 4 -- PRIVATE INDUSTRY COUNCILS (PICs)

1. Amends Sec. 102 of JTPA by inserting the word "majority" instead of 51% for the private sector composition of a PIC and requires that the remaining members of the PIC be composed of a 17% minimum of organized labor and community-based organizations (CBOs); and not less than 25% of the PIC membership shall consist of representatives of all education industries in the service delivery areas (SDAs), including representatives of institutions higher education, at least one representative of a program or agency providing vocational rehabilitation to people with disabilities, and representatives of public service agencies, including employment service, public assistance and economic development.

2. The Chairman of the council shall be selected from among members of the council who are representatives of the private sector.

3. Education representatives shall be selected when nominated by regional educational agencies, vocational education and higher education instituions, including private career schools, or general organizations of such schools and institutions within the SDA.

4. Labor representatives on PIC shall be selected when recommended by recognized State and local labor organizations. Unorganized labor may be included if adequate labor representation cannot be met.

5. The remaining members of the council shall include additional representatives from all sectors represented on the council.

6. Phases in PIC change so that no PIC will be in violation of this amendment until 3 years after enactment of this Act.

Section 5 -- PERFORMANCE STANDARDS

1. Sec. 106 (b)(1) is amended by inserting language after "title II" so that the basic measure of performance for adult training programs under title II is also "the aquisition of basic educational competency". The section is further amended by prescribing standards on the basis of factors which may include:

(A) aquiring basic skills and workplace competencies including raising the grade level of reading, writing, and computational skills, as well as the aquisition of a high school diploma or a general equivalency diploma;
(B) retention in unsubsidized employment would be defined as a period greater than 6 months. The section retains additional factors such as placement in unsubsidized employment, an increase in earnings, and AFDC reductions.

2. Sec. 106 (b)(4). Requires the Secretary to add new performance standards for:
(A) hard-to-serve individuals (including handicapped individuals), which should not emphasize cost efficiency if it impairs the effectiveness of programs under JTPA, and one set of performance standards for all other individuals receiving JTPA assistance; and
(B) for in-school and out-school youth programs assisted under Title IIB.

3. Sec. 106(b). Adds language that the Secretary shall not prescribe standards which penalize SDAs for using funds provided for support services pursuant to Sec. 108 (b)(2)(A)(iii).

4. Sec. 108 ADDITIONAL FUNDING FOR SUPPORT SERVICES. Redesignates subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively and adds new language in (c).

(c) In addition to the 15% funds available under Sec. 108(b)(2)(A)(iii), an additional 10% of the funds available to SDA under Title IIA may be expended for support services if such additional support funds are spent providing eligible individuals with long term services, and the request is justified under the job-training plan pursuant to Sec. 104, and is approved by the Governor.

5. Sec. 109 SERVICE DELIVERY AREA TRANSFER AND CONTRACT.

Adds section that allows SDAs to enter into contracts with one another to share the cost of educating, training and placement of individuals in programs assisted under JTPA including the "support services" provision. Each SDA shall be equally rewarded under the appropriate standards.

6. Sec. 110 **CARRYOVER AND REALLOCATION.** Add the following section:

(a) CARRYOVER. (1) In any Fiscal Year the amount of funds allocated to a SDA which can be carried over to the following FY may not exceed 10% of the funds allocated to the SDA for that previous FY; (2) and the total cumulative amount of funds which may be carried over each year by an SDA may not exceed 20%.

(b) SERVICE DELIVERY AREA REALLOCATION. The Governor may reallot funds to SDAs which have expended 90% of its funds by the original method used to allocate funds among SDAs within the State.

(c) STATE REALLOTMENT. The Secretary shall reallot funds from state carry-over funds exceeding 20% of such allotment for that prior program year to eligible states that are available for reallotment by using the same method that was originally used to allocate among eligible States pursuant to subsection (b) of this section.

Section 6 -- Title - Part A of Title II of the Act is amended to read "Adult Program."

ALLOTMENT AND WITHIN STATE ALLOCATION.

1. Amends Sec. 201(b)(1) by striking part (A) of the formula and redesignating subparagraph (B) and (C) as (A) and (B). (A) This changes the 33 1/3% allotted on the basis of the relative excess number of unemployed individuals in each state compared to the total excess number of unemployed individuals in all states to 50%; and

   (B) changes the 33 1/3% alloted on the basis of the number of economically disadvantaged individuals within the state compared to the total number of economically disadvantaged in all states to 50%.

2. Sec. 201 (b)(2)(B) is amended by adding language that no State shall be alloted more than 110% of its previous year allotment percentage unless waived by the Secretary.

3. Sec. 201 (b)(3)(B). Amends the definition of "individual" for use only on the formula in counting the number of economically disadvantaged from all age groups to only those who are at least 25 but not 73 years of age, and to the extent practicable, the Secretary shall exclude college students and members of the armed services from the number of economically disadvantages individuals.

4. Sec. 202(a)(1). Changes the state set-asides from 22% to 20% and passes 80% of funds to the SDAs as described in Sec. 202(b) below.

5. WITHIN STATE ALLOCATIONS. Amends Sec. 202(a)(2) by changing the percentages of the formula for allocations to the SDAs within each state to match the proposed formula used to distribute state funds in Sec.201(b)(1). The section is further amended by adding that the PIC in each SDA may reserve an optional 10% of funds for experimental programing for serving hard-to-serve eligible individuals. These funds will be exempt from performance standards. GAO will do an assesment 2 years after enactment.

6. Sec. 202(a)(3). Adds language that no SDA shall be allocated more than 110% of its allocation for the FY preceeding the FY for which the determination is made unless waived by the Governor; and retains the 90% hold-harmless for the SDAs as in Sec. 252(f)(3).

7. Sec. 202(a)(3). Amends the definition of "individual" for purposes of the formula in counting the number of economically disadvantaged to those who are at least 25 but not 73 years of age. Adds language to exclude, to the extent practicable, college students and members of the armed services from the number of economically disadvantaged.

8. Sec. 202(b). Changes the 8% set-aside for education at the state level to a 5% set-aside and passes the remaining 3% set-aside directly to the SDAs, however the SDAs must spend this funding on long-term training, basic skills and educational services. An independent evaluation will follow 1 year later. Out of the funds reserved for the state, the grants awarded by the states must be matched with other federal, state, local and private funds.

9. Sec. 202(b)(2)(B). Increases from 6 to 8% the amount of funds the Governor may award in incentive grants to SDAs, but adds language that the funds will be awarded on long term training or exceed performance standards relating to: raising basic skills competencies; serving hard-to-serve adults; and providing long term job placement. Also, the amount of funds spent on older individuals is decreased from 3 to 2%.

SEC. 7 ELIGIBILITY FOR SERVICES.

1. Amends 203(a)(1) to direct SDAs to give special emphasis in providing services to the hard-to-serve populations or individuals "most-in-need" of basic skills and employment training services. Also requires SDAs to test participant's reading and math skills and review employment history. No test is required if standardized test was administered within previous year.

2. Sec. 203(a)(2) SPECIAL EMPHASIS. Retain language in Sec. 203(a)(2) and increase the "window" of eligibility for non-economically disadvantaged from 10% to 15% with state approval if the individual is in 2 or more of the classes listed in this section.

3. Sec. 203(b) TRANSFER PROVISION. Amended by:

(1) striking out "youth and" in Sec. 203(b)(1) so that funds shall be used to provide services to disadvantaged adults only;

(2) striking out second sentence of 203(b)(1) regarding the 40% of funds available for youth and transfers it to IIB;

(3) adding language in Sec. 203(b)(2) so that SDA may transfer additional funds under this part to Title IIB for youth programs as long as it is included in state plans.

(4) defining in Sec. 203(c) "adult" as an individual who is aged 25 or older instead of 22.

(5) striking out in Sec. 204 "youth and" so that services under this sections will be available to adults only.

SEC. 8 -- PLACEMENT STUDY. Amend Sec. 205. GAO shall conduct a study to determine how many and what percentage of adults remain in a job which they were placed through programs assisted under this part for at least 9 months. Replaces "Exemplary Youth Programs" title with "Placement Study" in the table of contents, and transfers Sec. 205 in current law to Sec. 257.

SEC. 9 -- YOUTH EMPLOYMENT AND TRAINING PROGRAM - TITLE IIB

1. Sec. 252(b) ALLOTMENT AND STATE ALLOCATIONS. Amends this section by creating a separate formula in Title IIB:

(A) Allots 50% of the formula on the basis of the relative number of economically disadvantaged youth within the State compared to the total number of economically disadvantaged youth in all states;

(B) Allots 25% of the formula on the basis of the relative number of unemployed youth in each State compared to the total number of unemployed youth in all States;

(C) Allots 25% of the formula on the basis the relative number of the economically disadvantaged youth residing in areas with substantial numbers of economically disadvantaged youth in each State as compared to the total number of such economically disadvantaged youth in all such areas in all States.

2. Sec. 252(d). Adds language that no state shall be allotted more than 110% of its allotment percentage than in the preceding fiscal year, unless waived by the Secretary.

3. Sec. 252(e)(1). For this part (Title IIB) the term "economically disadvantaged youth" means an individual who is aged 16 through 24 and who has, or whose family's income falls within the poverty level. The number of economically disadvantaged youth shall exclude, to the extent practical, college students and members of the armed forces; and

(2) The term "area of substantial numbers of economically disadvantaged youth" means any area with sufficient size and scope to sustain a program under IIB and in which the percentage

of economically disadvantaged youth between the age of 16 and 24 is at least 20%.

4. WITHIN STATE ALLOCATIONS. Sec. 252(f)(1). Changes the formula factors for allocations to the SDAs within each State:

(A) Allots 50% on the basis of the relative number of economically disadvantaged youth within each SDA compared to the total number of economically disadvantaged youth in the State;

(B) Allots 50% on the basis of the relative number of economically disadvantaged youth residing in "areas with substantial numbers of economically disadvantaged youth" in each SDA compared to the total number of such economically disadvantaged youth in all such SDAs in the State.

5. Sec. 252(f)(3). Retains the 90% and 110% hold-harmless in each SDA.

SEC.10 -- USE OF FUNDS

1. Sec. 253(a)(3). Additional services may include needs-based payments necessary to participate in the program, and compensation for work experience.

2. Sec. 253(c) ADDITIONAL SERVICES. (1) In addition to the services set forth in Sec. 255(2), funds available for the year-round program may be used to provide for in-school, dropout prone youth:

(A) Combined basic and life skills instruction and summer work experience;
(B) Enriched basic skills and study skills training;
(C) Supplemental school year activities;
(D) Pre-employment, socialization and behavior skills training; and
(E) Supportive services.

Sec. 253(c)(2). The term "dropout prone youth" is defined as a youth who:

(A) is "at risk" of academic failure or of dropping out of school;
(B) has high absenteeism in addition to poor grades;
(C) has disciplinary problems;
(D) is a teen parent;
(E) is of limited English proficiency;
(F) is a juvenile offender; or
(G) is educationally and economically disadvantaged.

Sec. 253(d). The following services may be provided to school dropouts and out-of-school youth:
(1) Specialized outreach;
(2) Basic skills training;

(3) Occupational skills training, job development and placement assistance;
(4) Work readiness and life skills training, and post-program follow-up; and
(5) Supportive services.

Sec. 253(e). These programs may be conducted during the summer or on a year-round, full-time basis, provided the summer youth program receives no more than 40% of funds available for this part.

SEC. 11 LIMITATIONS.

1. Sec. 254(a). Amended in order that programs under this part may be conducted on a year-round, full-time basis or during the summer.

2. Sec. 254(b)(2) SPECIAL CONSIDERATION. Among all of the economically disadvantaged youth served under the IIB programs, special consideration shall be given to serving youth who experience severe disadvantages, such as:

(A) School dropouts;
(B) Students with poor academic and attendance records;
(C) Students who eligible to receive School Lunch or Chapter 1 services;
(D) Pregnant or parenting teens;
(E) Handicapped youth;
(F) Limited-English proficient students;
(G) Recipients of public assistance; or
(H) Juvenile and other youth offenders.

3. Amends Sec. 254(b)(3)(A). Up to 10% of all participants in the IIB program may be individuals who are *not* economically disadvantaged if such individuals are in 2 or more of the classes of individuals described in (b)(2) above.

4. Sec. 254(b)(3)(B). An additional 5% over the 10% of all participants may be individuals who are not economically disadvantaged if the individuals: (i) qualify in 2 or more classes described in (b)(2) above and; (ii) the plan for inclusion of this additional 5% is in the plan pursuant to section 104 and has been approved by the Governor.

5. Sec. 254(c)(2) YEAR-ROUND ELIGIBILITY. Individuals aged 14 - 15 are eligible for youth programs with priority given to those who fail to meet academic levels and who plan to enter the full-time labor market upon leaving school.

6. Sec.254(c)(2). Amends the Act by requiring that individuals eligible to participate in the year-round program are:

(A) youth who are aged 16 through 24 (optional services for 14 and 15 year olds);

(B) economically disadvantaged youth; and
(C) youth who are deficient in basic skills.

SEC. 12 REQUIREMENTS FOR YEAR-ROUND PROGRAMS. Redesignates Sec. 255 to Sec. 256 and adding the following new section after Sec. 254:

1. Sec. 255 (1). SDAs operating year-round programs under this section shall include in their plans a description of the program, including:

(A) goals and objectives;
(B) activities and services;
(C) linkages established with other local agencies; and
(D) service strategies of demonstrated effectiveness and the design of the program.

2. Sec. 255(2). Adds language to provide each participant:

(A) development of a service strategy; and
(B) basic skills assistance.

3. Sec. 255(3). In year-round programs, a SDA shall establish linkages with local educational agencies (LEAs) to ensure that programs assisted supplement existing programs, utilize existing services, obtain, where feasible, notification when a youth drops out of the school system; and obtains information on the literacy level of participants. Additionally, the PIC in each SDA shall establish with a variety of private, non-profit and public service agencies and volunteer organizations, including programs conducted under Title IIA.

4. Not more than 15% of the funds available for programs assisted under this part may be used for the costs of administration.

SEC. 13 EXEMPLARY YOUTH PROGRAMS. Tiltle IIB is amended by inserting Sec. 257 after Sec. 256. Section 205 is transfered to Sec. 257 deleting the reference to Sec. 204 in the first sentence. In Section 257(b)(1), (b)(2), and (b)(3) strike "education" and insert "basic skills".

Sec. 258. REPLICATION OF SUCCESSFUL PROGRAMS. Creates the following new section after Sec. 257:

1. Sec. 258(a). From funds appropriated pursuant to section 3(b) of the Act the Secretary shall, in consultation with the expert review panel pursuant to subsection (c), make grants to national or regional public or private nonprofit organizations if they meet the technical assistance requirements, and to States and SDAs for costs associated with the development of model programs approved by the Secretary.

2. APPROPRIATIONS FORMULA. Sec 258(b)(1). If the amount appropriated under section 3(b) for any FY exceeds $1.424 billion but does not exceed $1.524 billion, then $10 million shall be used for this demonstration program.

(2) If the amount appropriated in any FY exceeds $1.524 billion, then a total of $20 million, shall be used for demonstration projects.

3. REVIEW PANEL. Sec. 258(c)(1). The Secretary shall appoint a review panel of experts to evaluate employment and training programs for the economically disadvantaged youth, and select and designate model programs.

(2) In selecting such programs the panel shall consider a variety of objectives related to the potential for success of the applicant's program to replicate model programs on a national or regional scale.

4. Sec. 258(d) SPECIAL CONSIDERATION. The panel shall give special consideration to programs that have the demonstrated ability to integrate or coordinate services with other service producers in the areas of basic skills instruction, occupational, and pre-employment and work maturity training programs.

5. Sec. 258(e) CRITERIA FOR MODEL PROGRAMS. The panel shall consider any program for designation as a model program if such program:

(1) is designed to improve the employment prospects of economically disadvantaged youth;

(2) is sponsored or operated by a national or regional public or private nonprofit organization with the capacity to provide the technical assistance necessary to enable states and local communities to implement the program;

(3) has demonstrated reasonable evidence of success;

(4) has demonstrated its potential to be replicated across a wide range of sites and may serve large numbers of economically disadvantaged youth.

6. Sec. 258(f) APPLICATIONS. Each public or private non-profit organization, State, or SDA desiring to receive a grant shall submit an application describing assistance sought and assurances of compliance with provisions of this Act.

7. Sec.258(g) GRANT LIMITATIONS. (1) In any 3 year period the Secretary, recommended by the panel, shall not approve grants for the same replication activities in more than 10 states or communities. During this period, the results of such limited replication efforts shall be evaluated and examined by the review panel, which shall submit recommendations to the Secretary regarding the advisability of replicating the model program in more than 10 states or communities for longer than 3 years (The Secretary shall then have authority to replicate such programs).

(2) The Secretary, upon the review panel's recommendation, may waive the limitation if immediate replication on a larger scale is warranted.

SEC 14. -- YOUTH EMPLOYMENT AND TRAINING CHALLENGE. Amends Title IV by adding a new section in PART H of Title IV to authorize a FAIR CHANCE: YOUTH OPPORTUNITY CHALLENGE GRANT.

1. Sec. 491(a)(1) **STATE ALLOTMENT**. **Secretary shall allot for each FY, to each State submitting a plan under Sec. 493, a portion of the funds under Sec. 499 for such FY that bears the same relationship to the total amount of such funds as the youth population of such State bears to the total youth population in the U.S.**

2. Sec. 491(a)(2). **The amount alloted to each State shall equal or exceed $250,000 and shall equal or exceed $125,000 to U.S. territories.**

3. Sec. 491(b)(1). **In any FY the amount of funds allocated to a State which can be carried over to the following FY may not exceed 10% of the funds allocated to the State for that previous FY; (1) and the total cumulative amount of funds which may be carried over each year by an SDA may not exceed 20%.**

4. Sec. 491(c). State agencies shall award grants by giving priority to programs:

   (1) located in areas with a high number of economically disadvantaged youth;
   (2) serving high proportions or numbers of school dropouts;
   (3) serving students who are eligible for School Lunch or Chapter 1 services;
   (4) serving limited-English proficient students; and
   (5) serving juvenile and other youth offenders.

5. Sec. 492 **GRANTS. The funds alloted to each State shall be used by the State Agency to provide grants to eligible consortium in the State to pay more than 50% of the costs from comprehensive education, training, and support services and programs in** demonstration target areas to youth living within such target areas.

6. Sec. 493 STATE PLAN. The Governor of each State shall submit a 5-year plan to the Secretary which shall:

   (a) designate the state agency responsible for supervising the preparation and administration of the plan;

   (b) provide for the appointment of an advisory group by the Governor, (or the designation of an existing State body which is representative of the education and training resources of the State, including, but not limited to, the State Job Training Coordinating Council) to participate in the development and review of the State's plan, including State officials for education, vocational-technical education, employment and training, social services, and representatives of business, industry, labor, and community-based agencies offering alternative education or training programs;

(c) provide for the designation of eligible demonstration target areas which have chronically low levels of economic activity or a deteriorating economic base causing such adverse effects as - a high concentration of unemployed youth which substantially exceeds the average rate of unemployment among youth in the State, or a large concentration of low-income youth families;

(d) provide assurances that the size and scope of the demonstration target area is calculated to provide access to education, training, and support services to youth living in such target areas;

(e) provide assurance that funds will supplement and not supplant funding from other local, state, and Federal sources available to youth in demonstration target areas;

(f) provide assurances that program activities funded under this part are coordinated with relevant employment, training, and education programs available in the State.

(g) provide assurances of review and comment of any application by the State Job Training Coordinating Council or local PICs.

(h) provide for the evaluation of this program to determine whether the increased education, training and other support services guaranteed to youth result in increased rates of enrollment, retention and completion, and whether there are a sufficient number, variety and quality of current programs available to youth to meet demand; and

(i) provide other reasonable information needed by the Secretary.

4. Sec. 494(a)(1). ELIGIBLE CONSORTIA. Eligible consortia applying for demonstaration grants must be broadly representative of the education and training providers of their community and shall consist of:

(A) representatives of business, industry and labor;
(B) CBOs, including youth-serving organizations;
(C) State and local education agencies, including area vocational schools;
(D) State and local employment training agencies;
(E) institutions of postsecondary education, including community colleges and vocational-technical education institutes; and
(F) residents of demonstration target areas who are typical of youth to be served under this part.

5. Sec. 494(a)(2). Any eligible consortia may consist of any existing entity including any community organization or group which meets the representation requirements of (A) through (F) of paragraph (1) above. Such existing entities may include::

(A) local education entities, districts or area-wide councils;

(B) community education districts;
(C) PICs;
(D) youth coordinating councils;
(E) county or regional economic development authorities; or
(F) other appropriate entities which are broadly representative of education and training resources of the community.

6. Sec. 494(b). The state agency designated by the Governor shall award at least 1 and not more than 2 eligible consortia under this part.

7. Sec. 494(c). Eligible consortia are encouraged to apply to the State agency in order to strengthen, enhance, expand and evaluate such programs and services to both college bound and non-college bound youth.

8. Sec. 494(d). States shall encourage consortia to make use of resources, expertise and commitment of both formal institutions of education as well as:
(a) CBOs;
(b) youth conservation and human service corps;
(c) Job Corps centers;
(d) apprenticeship programs; and
(e) projects and programs funded under the JTPA.

9. APPLICATION. Sec. 495(a). Any eligible consortium desiring to receive a demostration grant for the demonstration target area shall submit an application to the State agency as the agency may reasonably require. Each application shall:

(i) contain a 5-year plan for development and implementation of activities;

(ii) demonstrate that all youth in the have access to a comprehensive range of education and training opportunities;

(iii) contain a description of resources available from private, local government, State and Federal sources;

(iv) estimate the expected number of youth to be served and its total cost;

(v) estimate the funds required to ensure access to appropriate education, training and support services for all youth;

(vi) encourage youth to pursue appropriate education and training through outreach, recruitment, and motivational mechanisms;

(vii) provide a case management and career development system to ensure each youth a well-trained and committed career counselor;

(viii) include a cooperative agreement among youth-serving organizations and agencies within the consortium designed to ensure coordination;

(ix) provide for the maintenance of such information as may be required by the State and Secretary, including data described in section 497;

(x) demonstrate that varied sources of funding will be fully utilized and effectively coordinated;

(xi) where appropriate, share facilities, equipment and resource materials;

(xii) establish outcomes and specify accountability measures for such outcomes; and

(xiii) demonstrate the capability to establish a coordinated and comprehensive program which serves the broadest possible range of youth interest and needs, and mobilize the diverse range of education and training providers.

10. USE OF FUNDS, NON-FEDERAL SHARE. Sec. 496(a)(1). No funds shall be used by local education agencies to provide educational services to youth enrolled in secondary schools during regular school hours; and
(a)(2) No funds shall be used for student financial assistance, unlees permitted by regulations promulgated by the Secretary.

(b) Costs from Sec.492(a) not paid by grant may be paid in cash.

(c) For any FY not more than 5% of funds may be expended for administration costs.

11. EVALUATION. Sec. 497(a). The Secretary shall provide an independent evaluation of the various State approaches in different demonstration programs. Evaluation measures may include:

(1) enrollment, retention and completion rates;
(2) high school graduation rates;
(3) avoidance of anti-social and destructive behavior;
(4) subsequent employment;
(5) continued pursuit of advanced education and training;
(6) admission into 4-year colleges and universities; or
(7) admission into the armed forces.

(b) The Secretary shall submit a report detailing the evaluation results to the President and the Congress no later than December 31, 1994.

12. DEFINITIONS. Sec. 498(a).
(a) "demonstration target area" means an area described in Sec. 493 (3) and (4) that is designated under a plan submitted under Sec.493.

(b) "youth" means individuals who are at least 16 and not more than 24 years of age. Other than Sec. 491, the term "youth" may include, at the election of State agencies, individuals who are 14 or 15 years of age.

13. AUTHORIZATION OF APPROPRIATIONS. Sec. 499(a). There are authorized to be appropriated:

(i) $100 million for FY 1990.
(ii) $150 million for FY 1991,
(iii) $200 million for FY 1992,
(iv) $250 million for FY 1993, and
(v) such sums as may be necessary for FY 1994.

SEC. 15. -- NATIONAL COMMISSION FOR EMPLOYMENT POLICY. Title IV of the Act is amended by striking part F, resulting in the elimination of the National Commission for Employment Policy.

Senator SIMON. One of the people who has been providing leadership in this whole area is an old friend, the Governor of the State of Ohio, and I am very pleased to have Governor Dick Celeste with us here today.

Incidentally, for all the witnesses, you may proceed as you wish, because we will put your full statements in the record, and you may proceed as you wish.

Governor, please.

STATEMENT OF HON. RICHARD F. CELESTE, GOVERNOR, STATE OF OHIO, ON BEHALF OF NATIONAL GOVERNORS' ASSOCIATION

Governor Celeste. Thank you very much, Mr. Chairman.

I want to first salute your long-time leadership in this arena and say that I am pleased to be here both personally as an admirer and a friend, and particularly on this occasion as a Governor, to testify on behalf of the National Governors' Association, where I serve as chairman of our Human Resources Committee.

This is the committee that has promoted welfare reform and, I think, worked very constructively with members of Congress in the welfare reform legislation that passed this past year. We are working now on reform of the administrative financing of the Employment Service and unemployment insurance. We are focused on child care, an issue of considerable interest before the Congress now, and dislocated worker training programs.

The committee's work directly reflects the role which Governors play in planning and managing the development of human capital, our citizens across the country. So I think that many of my colleagues are certainly with me in spirit, in saluting you for your leadership and in trying to address this very important program.

I want particularly on behalf of the Governors to applaud the amendments that you have proposed to Title II of the Job Training Partnership Act, because they will better focus the JTPA program directly on disadvantaged youth and the chronically unemployed.

The JTPA program was created in 1982 when our economy was faltering, and it was designed in considerable measure to address that circumstance. Over the past five or six years, the JTPA has worked. The program served over 4.5 million Americans, at a cost of about $8 billion.

I just want to point to one or two outstanding programs in Ohio. One was the Renewed Opportunities Program, which helps juvenile offenders in Brown County, a rural county in southern Ohio, to get back in the work force and has succeeded 64 percent of the time.

The Tecumseh Consortium in Springfield, Ohio has established a service network combining JTPA, the Ohio Bureau of Employment Services, the Ohio Department of Human Services, the Ohio Rehabilitation Services Commission, and a variety of local educational and service agencies. Through skills training and remedial education programs, this Consortium has placed more than 300 public assistance recipients into unsubsidized jobs just during 1988.

In program year 1987 alone, as you know, JTPA nationwide served nearly 800,000 participants, 93 percent of whom were at or below the poverty level, received public assistance, were handicapped, or lived in a foster home. In addition, 41 percent of them were under the age of 21, and 27 percent were high school dropouts.

I think it is important as we think about the impact of your proposed amendments to recognize the changing work force and our changing priorities in this context.

As we look to the 1990s, all of us understand that first, we face a critical shortage of workers in many respects; that most new jobs that are created will require more education, not less; that these two realities create an employment gap; and that filling that gap is going to be costly.

Just to give you a sense of the employment gap, our neighbor State of Michigan in a study called Countdown 2000, estimated that at a minimum 1.2 million Michigan adults were caught in this gap and that another 100,000 would fall into it by 1995. In other words, their education and skills were simply not up to the kinds of jobs they anticipate as we move into the decade of the Nineties.

Filling this gap is going to be costly. The Michigan report estimates $560 to increase one individual by one reading level in the course of their preparation.

The tragedy that we face—and I think, Mr. Chairman, this is what you were alluding to—is that the better-educated will find jobs; the under-educated will not. The better-educated, if there is some dislocation, will be quicker to land on their feet; those with a minimum of education and skills will have a very difficult time.

The sections of the population with the lowest skills we find are chronically out of work. In Ohio, the State unemployment rate in 1987, the last year for which we now have detailed statistics, was 7 percent, but the rate among 16 to 19 year-olds was 17 percent; among 16 to 19 year-old black youth it was 31.5 percent. In 1988, the school dropout rate for the whole State was 20 percent. Actually, we did pretty well among industrial States, graduating 80 percent of our young people from high school. But in East Cleveland, the dropout rate was 59 percent, and in Columbus it was 52.5 percent.

Nor was the problem confined to our urban communities. Brown County, the home of the program I mentioned earlier, had a dropout rate of nearly 52 percent as well.

Given these work force realities, the NGA supports your effort to target JTPA toward the sectors of the population with the lowest skills, particularly the young. By redefining eligibility, combining all of the youth funds in one title and allowing for a year-long program, you have sharpened the focus on youth; you have expanded our service options—and I might say parenthetically, including the possibility of taking money that previously we used basically in the summer youth experience and providing it in the format of a youth service corps, which I think has great merit—and responded to the changing demographics, which I have described.

The NGA wants to assure you that the JTPA system in the States will respond to this kind of fresh direction.

At the same time what I would like to do is to share a cautionary note that many of my colleagues and I feel needs to be brought to your attention as Congress moves forward.

I sense that one reason why you have drafted these amendments is to respond to a concern that has been expressed about the JTPA system as one which kind of "creams" the most easily-employed and kind of leaves behind those where the lack of skills is greatest.

I have looked at several of the studies that have been done on "creaming", and I think it is clear that while we have placed a number of unemployed into jobs, generally it is true that the easiest to place are placed first. One of the reasons for this is apparent, and that is when JTPA was established, its emphasis was on cost-cutting and high productivity. So we created incentives for SDAs to place as many people as they could at the lowest possible cost. And inevitably in that circumstance, you look for those that you can do it most easily with.

I think there are some other less apparent reasons, and it is important to bear these reasons in mind as we think about reform in the system. The first stems from the nature of JTPA. JTPA trains clients—those who need work—who are then hired by a corporate customer. Not surprisingly, the corporate customer for JTPA is looking for a graduate who represents the most-qualified applicant. So they in a sense create an expectation that you are going to pick from the top of the list rather than the bottom.

The second reason stems from the growing efficiency of State government in an ironic way in coordinating efforts of different public assistance programs. The Tecumseh program I mentioned is a prime example of that kind of effort, because different agencies share the cost of servicing clients. Some of the more disadvantaged recipients—indeed, some of the most disadvantaged recipients—might not show up at all in JTPA numbers, although JTPA played a role in the training and placement of them into the work force.

All of this is to say that changing the emphasis of JTPA will mean that it is going to take longer to get the same number of results as in the past. How long and how difficult a job JTPA will have depends on the performance standards that the Department of Labor comes up with. And because the bill leaves open these standards, it is really difficult to estimate just what that change will mean. For example, the bill asks the Secretary of Labor to develop specific performance standards for the hard-to-serve, which at least suggest that we would have two sets of standards—one for the hard-to-serve and then the other, regular standards.

One alternative might be to allow current performance standards to be adjusted by some factor, SDA by SDA, based on the percentage of disadvantaged served or welfare clients in their programs, things of this kind, so that we could have a baseline standard and then recognized reasons for departure from that standard that we could all use and apply in our particular cases.

In any event, I think, from the standpoint of our Governors, we would like the standards to be as pragmatic and as realistic as possible, so that standards do not push us back toward the least needy among the targeted population.

The second aspect that I would call attention to is that whatever standards we set, costs are virtually certain to go up in order to accomplish successful outcomes. The illustration I have here is a young woman named Janet, who is 18 years old, who reads at the eighth grade level. She does not have a high school diploma, she does not have work experience, and she has a three year-old daughter.

In order to get to the point where she is employable, the system is going to have to improve her reading skills by five grades. If we use the Michigan report estimate of $560 per year, that is $2,800 just to get her to the twelfth grade level—plus math competency, plus just the cost of doing G.E.D., plus some job-readiness training.

So I think we have to assume that the costs will be significantly higher per participant in a situation like this. Each lower-skilled client might cost twice as much.

The long-term savings may be far greater through success. So I certainly would strongly, as I say, support this direction, but we need to have a realistic expectation.

One of the aspects of this cost impact is in staff time, servicing these clients. It is going to take more case management to develop a training plan and to see to it that it is followed through. In this context I'd like to suggest a change in one section of the legislation which could help us.

Moving the youth money from Title II–A means that administrative resources for the States will drop by 40 percent as I understand it. I would ask you to either increase the percentage of Title II–A money available, or allow us to charge administrative expenses against the II–B program, to recognize that there will be additional administrative costs to make the program work the way we want it to work.

The NGA thinks it is a good idea to increase the amount of money available for incentive grants to SGAs which exceed performance standards in placing the most disadvantaged workers. That kind of incentive is always welcome, and it is a very positive way of encouraging success.

Finally, I would just like to note that I think we will need a sustained effort to market these changes in the business community. These are the employers we need to reach. They are key partners in JTPA's success.

As we zero in on more difficult clients, we must be frank about our costs, about the placement time, and we must make sure that they are ready to work with us as partners to assure successful outcomes at the end of this investment.

One other observation, and this is really sort of beyond the scope of your proposed legislation, which I strongly support. That is that, as we target the more disadvantaged individuals through this legislation, we are still going to have to take into account the needs of workers who might have been taken care of in the past through some other aspect of JTPA and may not be—a displaced homemaker who has a high school diploma but not the work experience, who has come back into the market and who needs some kind of training and help. And we are going to be asking you, Mr. Chairman—and this is a plug, if I may, for something else—we are going to be asking you to introduce legislation that would reform the administrative financing of our employment services, to use employer tax dollars more efficiently, and to make certain that we do not lose track of these other unemployed workers, but we have some real tools to address their needs, too, and we think we can do that through the employment service.

And we have, finally, a consensus among the Governors on this, and we hope to bring it before Congress shortly.

I want to thank you again very much for your leadership on this most urgent matter.

[The prepared statement of Governor Celeste follows:]

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STATEMENT OF

RICHARD F. CELESTE

FOR THE NATIONAL GOVERNORS' ASSOCIATION

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

HEARING ON JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

MARCH 9, 1989

Thank you, Mr. Chairman and members of the Committee. I appreciate the opportunity to testify today as Chairman of the National Governors' Association Committee on Human Resources. Our committee has promoted reforms in welfare; administrative financing for the Employment Service and Unemployment Insurance; child care; and dislocated worker training programs. The Committee's work directly reflects the role Governors play in planning and managing the development of human capital.

We thank you, Mr. Chairman, for the personal interest you have taken in what we believe is the number one priority of any Governor in this country--preparing all Americans for the jobs of the 1990s. And we applaud the amendments you have proposed to Title II of the Job Training Partnership Act of 1982. They will better focus the JTPA directly on disadvantaged youth and the chronically unemployed.

The JTPA program was created in 1982 when the economy was faltering. Back then, in Ohio, and across the country, we were concerned with cutting costs and putting people back to work. As national public policy, JTPA reflected both concerns--its performance standards were designed to place as many people as possible into jobs at the lowest cost. And JTPA worked. The program has served over 4.5 million Americans at a cost of 8 billion dollars

The Renewed Opportunities Program is one of the more outstanding. It helps juvenile offenders in Brown County, Ohio get back in the workforce--and succeeds 64 percent of the time. The Tecumseh

Consortium in Springfield, Ohio has established a service network combining JTPA, the Ohio Bureau of Employment Services, the Ohio Department of Human Services, the Ohio Rehabilitation Services Commission and a variety of local educational and service agencies. Through skills training and remedial education programs, the Consortium placed more than 300 public assistance recipients into unsubsidized jobs in 1988.

In program year 1987 alone, JTPA nationwide served 796,000 participants, 93 percent of whom were at or below the poverty level, received public assistance, were handicapped or lived in a foster home. In addition, 41 percent were 21 years old or younger; and 27 percent were high school dropouts.

Changing Workforce, Changing Priorities

As we face the 1990s, however, all of us understand that:

- **We face a critical shortage of workers.** The Office of Technology Assessment estimates that the labor force will only grow 1 percent annually--one-third the level of the 1970s. Increasingly, we will have to draw on those sectors served by JTPA to fill in the gap.

- **Most new jobs created will require more education.** According to the US Bureau of Labor Statistics, about 52 percent of all new job titles will demand some college-level training. Most new job growth will be in jobs with higher skills.

- That creates an employment gap. We are going to have to bring more workers up to educational speed more quickly. In one of the first studies of its kind, Countdown 2000, Michigan's Cabinet Council Task Force on Adult Literacy, estimated that, at a minimum, 1.2 million Michigan adults were caught in the gap, and another 100,000 would fall into it by 1995.

- Filling the gap is going to be costly. Studies by researchers like Richard Murnane at Harvard and Jonathan Kozol, in addition to the Michigan study, conclude that workers of the future will need more problem-solving and logic skills. In a 1986 National Assessment of Educational Progress Literacy Study, the Educational Testing Service found only 20 percent of those tested could perform above average on these kinds of tests. Michigan reported that it would cost $560 to increase one reading level alone.

- The better educated will find jobs; the undereducated will not. This fact is backed up by research that showed that after the 1970s decline in manufactoring employment, workers with better education found jobs more quickly. Others with less education have remained unemployed for longer periods of time. The sections of the population with the lowest skills are chronically out of work. In Ohio, the state unemployment rate was 7 percent in 1987, for example, but the rate among 16-19 year olds was 17 percent while that among 16-19 year old

> black youths was 31.5 percent. In 1988, the school drop-out rate for the whole state is 20 percent but in East Cleveland it is 59 percent, in Columbus it is 52.5 percent. Nor is the problem confined to metropolitan areas; in rural Brown County, the drop-out rate is 51.7 percent.

Given this workforce reality, the NGA supports your effort to target JTPA toward the sectors of the population with the lowest skills--particularly the young. By redefining eligibility, combining all youth funds in one title, and allowing for a yearlong program, you have sharpened the focus on youth, expanded the service options (including the possibility of a youth service corps) and responded to the changing demographics I have described.

The NGA wants to assure you that the JTPA system in the states will respond. At the same time I want to caution that the response may be more wrenching to the system than some in Congress might expect.

The Reality of Performance

I believe one reason you have drafted the amendments is to respond to charges that the JTPA system is "creaming"--by that I mean quickly serving the "cream" of the unemployed, those with the highest skills levels--in the manner of Soviet production--to keep the numbers up.

I have reviewed three studies on creaming, by the National Commission on Employment Policy, the Upjohn Institute and the University of

Chicago. Conclusions are mixed. Clearly, the JTPA system has placed the unemployed into jobs. Yet, there are some inefficiencies, and the easiest to place are generally placed first.

One reason for this approach is clear. When JTPA was established, its emphasis on cost-cutting and high productivity, gave SDAs an incentive to place as many people as they could at the lowest cost. That the system responded is not a condemnation of the system. Anyone would expect the system to place those it could as quickly as possible.

There are other less apparent reasons. The first stems from the nature of JTPA. JTPA trains "clients", who are then hired by a corporate "customer". Not surprisingly, the corporate customer for the JTPA graduate wants to hire the most qualified applicant first. A second reason stems from the growing efficiency of state government in coordinating efforts of different public assistance programs. The Tecumseh program I mentioned is a prime example of that kind of effort. Because different agencies share the costs of servicing "clients," some of the more disadvantaged recipients might not show up in the JTPA numbers.

Setting realistic standards

All of this is to say that changing the emphasis of JTPA will mean it will take longer to get the same number of results as in the past. How long and how difficult a job JTPA will have depends on the precise performance standards the Department of Labor comes up with. Because the bill leaves open those standards, it is difficult to estimate just what the change will mean.

For example, the bill asks the Secretary of Labor to develop specific performance standards for the hard-to-serve. This suggests that each state and SDA have two sets of standards. As an alternative, current performance standards could be adjusted, SDA by SDA, based upon the percentage of disadvantaged, or welfare clients in their programs. Such an adjustment would recognize the increased cost of serving the hard-to-serve without having to create two sets of standards.

The NGA urges that the new standards be as pragmatic and realistic as possible.

Increasing JTPA costs

Whatever the standards set, however, it is certain that the cost for each success story will go up.

Let me give you an example. Janet is eighteen years old, and reads at the eighth grade level. She has no high school diploma, no work experience and a three year old daughter. In order to prepare Janet for a high school education, the system will have to improve her reading competency by five grades. Using the figure estimated by the Michigan Countdown 2000 report, it will cost her SDA $2800 to bring her up to the 12th grade level--that figure does not include the costs for increasing her math abilities, on-the-job-training, child care, or GED costs. Compare that with the average JTPA client cost of $2905. We estimate that the costs, and time spent, on each lower skilled "client" will double.

Part of the cost incentive will come from a rise in staff time spent servicing each client. Janet's case will take more management, to develop a plan for her training and then to see her through it.

I would suggest a change in one section of the legislation to help. Moving the youth money out of Title IIA means that, administrative resources for the states will drop by 40 percent. I would ask you to either increase the percentage of Title IIA money available or allow us to charge administrative expenses against the IIB program.

The NGA thinks it is a good idea to increase the amount of money available for incentive grants to SDAs that exceed performance standards in placing the most disadvantaged workers.

Finally, it is going to take a sustained effort to market these changes to the business community. They are partners in JTPA. In zeroing in on more difficult clients, we must be frank that our costs will increase, and so our short-term placements will decrease.

In targeting the bill at more disadvantage sectors, however, NGA believes that you have to take into account what will happen to those workers the JTPA has historically served. If Janet were a newly-unemployed steelworker and not a teenage mother, where could she go to get help? We will soon be asking you to introduce legislation that would reform the administrative financing of employment services, to use employer tax dollars more efficiently, and make certain that we do not ignore any unemployed worker.

Senator SIMON. I thank you. If I could just comment on the latter part of your recommendation, we will be happy to look at any suggestions.

I have had the feeling—and I judge primarily by my experience from Illinois—that we have a lot of very fine and dedicated people in the employment service, but we are not utilizing them as effectively as we should be.

You are correct in why I have introduced the bill. As you look at the numbers and the percentages who are not high school graduates served by CETA and by the JTPA, the contrast is very, very marked. That suggests that we are so eager for "success" that we are serving those who probably would be getting jobs anyway if we did not have a JTPA program.

What we are going to have to do is focus on "Janet", if I can use your illustration.

I was interested in your Brown County, Ohio and the Springfield, Ohio examples—Springfield, because my daughter went to Wittenberg University in Springfield, Ohio. But I think we have to be spreading the success stories. We are going to be hearing from the Mayor of Louisville shortly, who will be talking about some of the good things they have been doing there. We need to stress this.

The points that you make are absolutely valid all the way through here. The one thing that you do touch on that I think we have to keep in mind is that we cannot implement these programs in isolation—the literacy program, for example, is very important to this—it is not part of the JTPA program, but it is a part of the overall situation.

What could we—I recognize I am going to another subcommittee I am on here—do at the Federal level to encourage Ohio and other States to do more—and I do not mean this critically, because I frankly do not know what you are doing in Ohio—but to do more in this whole literacy effort? And I realize this hits you out of the blue because it is not what you came to testify on.

Governor CELESTE. But it is a very important question, and I think we need to understand that literacy for our adult citizens is a critical ingredient of their ability to stay in the work force.

One of the human tragedies I have witnessed is the dislocation of workers who have spent most of their work life in a plant where they knew their job and where they were tremendously successful as a steel worker or as an auto worker, and only when there was a substantial upheaval in that workplace, with the introduction of new and sophisticated technology, were they obliged to acknowledge: "I cannot read."

During testimony in Mansfield, Ohio, on an education reform initiative we had, I had one man in his early seventies who had just retired from a GM plant testify that until that previous year, the happiest day of his life was when he was liberated from a prisoner of war camp in Germany at the end of World War II; but that when he learned to read, it meant more to him than the liberation from that prisoner of war camp.

Senator SIMON. He was liberated in a different way.

Governor CELESTE. In an altogether different way. But he had not been able to say anything to his family or to his fellow workers, and he had not been forced to acknowledge it until the workplace confronted him with it because of these changes.

I think that part of what we need to design in our programs that focus on employment and training is an incentive to recognize and address adult illiteracy. This is a particular problem with older workers, I believe—it can happen at any age, but the place where we have the most difficulty is with older workers because they are very reluctant to step back in school alongside youngsters who they feel are far more ready to deal with education than they are, because they have simply been out of that setting for a very long time. And whether it is in allowing community-based organizations that are focusing on literacy to join in and participate in training programs that may be operated by Government agencies, I would think that the Federal Government could help us in a number of ways.

I would be happy, Mr. Chairman, to give it some thought and talk to our people back in Columbus and send you some suggestions.

Senator SIMON. I would appreciate it, because I am going to be introducing some literacy legislation before very long. I think you are absolutely correct in what you say. Older people are not going to walk into a grade school or into a high school.

Governor CELESTE. Even a community college can be a very uncomfortable place.

Senator SIMON. Yes. So what I think we have to do is figure out other ways of encouraging that.

I talked about "creaming", and you did somewhat in your statement. Do you have the impression that at the present time we are so results-oriented that in fact we encourage "creaming" at the present time?

Governor CELESTE. This is my own opinion now, and I cannot give you a kind of a National Governors' Association position on it——

Senator SIMON. No. I am interested in your opinion.

Governor CELESTE. I would have to say that probably as a general rule, we are; that it would vary considerably from SDA to SDA. There are some that are very committed to tackling the hardest to employ. But that is, I think, pretty clear the exception rather than the rule. And the system now rewards performance that tilts you toward the easiest to place.

Senator SIMON. Let me add that Senator Metzenbaum wanted to be here to welcome you. He is tired up in an important meeting of the Senate Intelligence Committee.

Governor CELESTE. Doing good work, I know. Thank you, Mr. Chairman.

Senator SIMON. He is a hard-working member of this body—I do not need to tell you that—and a hard-working member of this committee. And Senator Glenn is not on this committee, but has been very interested.

We will also review your suggestions on II–A concerning administrative costs. I do not have an answer just off the top of my head, but we will be moving some legislation, and we will be considering that. But just in general, your testimony is superb, and I really appreciate your being here.

Governor CELESTE. Thank you very much, Mr. Chairman, and thank you again for your leadership on this. We are very grateful.

Senator SIMON. We thank you for your leadership as well.

Next is a panel composed of Mayor Jerry Abramson, the Mayor of Louisville, for the U.S. Conference of Mayors, and Hal Norgard, Chairman of the Board of Commissioners of Ramsey County, Minnesota, for the National Association of Counties.

Mr. Mayor, let me acknowledge that your able Congressman Ron Mazzoli was here just a little bit ago. I would love to say he came over to the Senate side to see how we run a subcommittee properly, but I have an idea he was here to pay tribute to you. We were very pleased to have him, and pleased to have you here, Mr. Mayor.

We will let you start off this panel.

STATEMENT OF HON. JERRY E. ABRAMSON, MAYOR, CITY OF LOUISVILLE, KY, ON BEHALF OF U.S. CONFERENCE OF MAYORS, AND HON. HAL NORGARD, CHAIRMAN, COUNTY BOARD OF COMMISSIONERS, RAMSEY COUNTY, MN, ON BEHALF OF NATIONAL ASSOCIATION OF COUNTIES

Mayor ABRAMSON. Thank you, Mr. Chairman.

It is certainly a pleasure to be with you, both as the Mayor of Louisville, Kentucky and also as the Chairman of the Job Training Committee of the U.S. Conference of Mayors.

I thought in opening my presentation, I would give you a quick thumbnail profile of my community, and because I am going to give you a few examples that focus in on the issues we want to raise.

Louisville is a community of about 300,000 inside a county of about 650,000, with a metropolitan area of about 1 to 1.5 million. We are experiencing the same demographic changes in Louisville that are occurring all over the United States—more of our jobs are being created in the service sector; on the one hand, that is good, because health care jobs, finance jobs pay pretty well. On the other hand, it is not so good when you focus on retail, food service and the fast food industry.

In the early 1970s, we were a community where 40 percent of our jobs were in manufacturing. Today we are down to 20 percent of our jobs are in manufacturing. From 1979 to 1985, the number of males employed dropped by nearly 2 percent in Louisville, but in fact the number of females employed in that same time frame increased by over 17 percent. In 1970, 12 percent of households were headed up by females in our community. In 1980, 22 percent of households in our community were headed by women.

As we approach the year 2000, we see a dramatic graying of our population, and probably the most disheartening fact in our community is that nearly one-fourth of the children in our community are living in poverty.

So you begin to realize that we have got to do a better job. Certainly, your interest focused in this area is something that we appreciate and applaud and appreciate this forum to discuss the issues, because when you talk about the declining birth rate, this obviously means young people are becoming even more so a precious resource in this country, because we need them for the job market to be able to be competitive in the global economy.

The areas that you are dealing with in the Senate on daycare, keeping kids in school, using JTPA money to focus on education is so very important, and also being sure that youngsters are not just learning the 3 Rs when it comes to education, but are also learning communication skills, leadership skills, the kinds of thinking skills that you have got to have to be competitive in this marketplace.

I would like to go through the Act with you quickly to give you a feel for where the U.S. Conference supports and has some issues to discuss with you in regard to your bill.

Certainly the success of JTPA over the years has truly been the partnership between the Mayors and the PICs. I say "truly"—I should say "should be truly" in some situations, because I am not so sure the Mayors of this country have been as active as we should have been, and I think that is one of my responsibilities chairing this committee with the U.S. Conference of Mayors, is to generate excitement among my colleagues about the importance of your bill and others that are focusing on this issue for training the men and women in our communities as well as the youngsters.

The JTPA has always been the "glue", as I see it, between education and job programs. JTPA is not an institution. You do not have people out, screaming and yelling and supporting PICs as you would lobbying you and writing you letters, because we are not an institution; we are a bonding element. We try to bring the jobs and the education opportunities together to provide a service for the citizens of our respective communities.

So just because you do not hear from a lot of city Mayors, or you do not hear from a lot of county officials, I do not want you to think we do not care, because we truly do, and we understand the importance, and that is why we are here today.

In terms of the funding issue in your bill, Senator, we certainly support the increased funding of JTPA. We feel it is essential. And of course, what mayor ever disagreed with increased Federal funding for urban programs? We are with you, and we will support and applaud along the way.

We also agree with your proposal to reduce the funding fluctuation for States and cities through the hold-harmless provision. We have got to know where we stand, so we can plan and provide continuity for providing the kind of education necessary.

However, the formula is somewhat difficult in our minds, because we see the potential of a shrinking pie. When you see the potential of a shrinking pie, you see a changing formula and we will have winners and losers. We are hoping the pie will expand, and we will have winners and bigger winners, so that we have an opportunity to support the efforts of the communities throughout this country that are supporting JTPA efforts.

Also, the formula gives a problem in terms of how do you define the economically disadvantaged, where do you find them, what statistics do you use. And as you know, we are about 10 years late right now on the statistics that we are looking at when you look at that issue.

The unemployment rate, in a city like Louisville or other cities around the country, it is certainly much easier to grab out and get a figure. We always have that problem in Kentucky, and I think it happens in other States, where you have the city of Louisville which has a larger unemployment base, and yet you have got the rural areas such as eastern Kentucky and the Appalachian communities that have a much larger economically disadvantaged group. So it is a balancing test, and we wish you well in making that balance work and providing what is proper, because it is a difficult, difficult issue. We hope the pie expands, and we hope that that responds to that issue.

We would like to see a return to the Federal/local relationship. There used to be a partnership about eight or nine or ten years ago that mayors used to sing about—maybe it is an old folk song these days. But we used to sing around the campfires about the Federal/local relationship. We appreciated receiving direct grants, and we would spend them on things that were most supportive of what our citizens wanted and responsive to their needs.

Today in Louisville, for example, Title II-A, Title II-B funds, we do receive those from the State, but we receive no dislocated worker funds, we receive no 8 percent funds for education, and if it continues to go through the State, the major urban areas in this country will have difficulty and continue to have difficulty in getting what we think is our fair share for the major pockets of unemployment.

As relates to the composition of the PICs, you have tinkered with that a bit yourself, certainly, in terms of the chairmanship situation. Both of us had an opportunity to speak at the National Association of Private Industry Councils, and I guess they must have beat on your staff like they beat on me, and we are now all focused toward having a private individual as chair. I certainly appreciate that change; I support that very, very much.

I think the relationship in terms of changing the overall composition—I am not so sure it is "broke"—the old "don't fix it unless it is broke". I think that maybe, perhaps, the problem is with the mayors. I think we have got to have a more aggressive local relationship, bonded through the mayors' involvement with the PICs. And before you change the composition of the PICs, I would submit that you ought to give me a chance to try to excite some of my colleagues a little bit to get them more involved and see if that might not handle the issue that you are focusing on.

It is a challenge to us, and I think it is one that the mayors are prepared to stand up and work on.

Your youth initiatives as a separate youth title is justified unquestionably, to emphasize the importance of young people acquiring basic skills; allowing the Summer Youth Program fund to be a year-around program, we support 100 percent. And the idea of your Youth Opportunity Challenge Grant, I find fascinating, as I said to you earlier this morning, because it gives a community an opportunity to be creative. And we are not going to solve these problems by throwing money at them all the time. There has got to be a little ingenuity, there has got to be a little creativity.

In our community, we decided we would focus on our kids and begin to find the at-risk youngsters in our school system. We specifically chose over 1,000 of them, and through our Private Industry Council funded a counselor in each of our 22 high schools to work with these at-risk kids and to give them an opportunity to have jobs in the summer should they go to school and finish the ninth or tenth grade, a part-time job during school of them attend class, and one they graduate high school, we have the jobs guaranteed by our business community to give them an entry-level opportunity at work. That is 1,000 jobs from the business community, and 1,000 youngsters in the program, and it would not be a reality without the Private Industry Council funding to cover the counseling that goes on in each of the high schools.

That is a success story. We have decreased the number of days the kids have missed in school by 97 percent, those at-risk kids, by guaranteeing them an after-school job or a summer job; if they will attend class and finish the year, ninth, tenth, eleventh, and twelfth, we decrease by over 95 percent the number of days that they have been absent, so they are going to class, and we are focusing them toward the importance of receiving that degree.

I think your Challenge Grant program will give others throughout the United States an opportunity to use that kind of ingenuity and creativity to bring about success.

One other issue, and that is the window of eligibility. Your legislation focuses on opening that window a bit, loosening it, if you will. I am not so sure—well, let me say it this way. Today we are only responding to about 5 percent of the eligible population. And I am not sure that by making more people eligible, whether that in fact will respond to the reach-out issue that I think you are trying to discuss in your legislation.

However, I do agree that the one exception, to expand that window and to loosen it, ought to be for the kids, those at-risk kids who really need the assistance to keep them in school, keep them educated, and keep them involved with ultimately moving toward being an asset in our respective cities rather than a liability.

I guess in conclusion, Senator, I would just simply say that we are out there on the streets in home-town America, dealing with this Act every day, and it has been a tremendous support for those mayors throughout the United States in trying as best we can to focus on giving young people and adults, dislocated workers, et cetera, an opportunity for the year 2000 to have a job, to raise their families, to put a roof over their heads and to provide an opportunity for a quality of life we all want for our friends, our neighbors and our citizens.

We appreciate the forum that you are giving us and others like you are focusing on, because without, we cannot get the issue before the American people. And certainly, your leadership is applauded by the U.S. Conference of Mayors, and we look forward and we stand ready to work with you toward the resolution of this issue.

Thank you, Senator.

[The prepared statement of Mayor Abramson follows:]

STATEMENT OF
JERRY E. ABRAMSON
MAYOR OF LOUISVILLE, KENTUCKY
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
UNITED STATES SENATE

MARCH 9, 1989

Mr. Chairman and Members of the Committee:

On behalf of the U. S. Conference of Mayors and my counterparts from hundreds of cities across this country, I thank you for the opportunity to testify before you on proposals to strengthen the Job Training Partnership Act. I also commend you for bringing attention to this important piece of legislation at a time when issues of productivity and basic skills are of critical importance.

Louisville is a city of 300,000 in Jefferson County, which has a population of 700,000. Our metropolitan area contains nearly one million persons. As we enter the 1990s, we are facing challenges seen by many cities across the nation. We are experiencing major demographic changes. These changes, along with economic and lifestyle changes, are having major effects on many of our citizens. While we have experienced a recent surge in business activity, and in the prosperity of many of our citizens, we remain concerned that a significant segment of our population is ill-equipped to share in this prosperity. Among the changes we are seeing in our workforce are:

- Most new jobs are in the service sector--these include both lower paying jobs in retail trade and food service and higher paying jobs in education, health care, and finance.

- Manufacturing jobs which accounted for one third of all jobs in the mid-70s now account for one-fifth of all jobs.

- Between 1979 and 1985, the number of males employed in our community dropped by 1.8% while the number of females employed increased by 16.7%.

- In 1970 12% of our community's households with children were female-headed. By 1980 this had increased to 22%.

- When we look from 1970 and project to 2000, we see a dramatic "graying" of our population resulting from aging "baby boomers" and declining birth rates.

- Nearly one-quarter of all children in our community live in poverty, with obvious implications for the public school system.

The message to cities and mayors is clear. Youths are, more than ever, a precious commodity that we can't afford to waste. We must deal with day care issues. We must do a better job of dropout prevention. We cannot allow students to escape from our educational institutions without acquiring the basic skills needed for success in today's job market.

Adults with the right skills will also be increasingly valuable. Dr. David Birch of MIT recently addressed business and education leaders in Louisville and told them that "your greatest challenge, what you're going to have to do is to re-skill every single adult in your community over the age of 25 in one way or another in the next 5 or 6 years, or you're going to be in some difficulty." Local employment and training systems must be quick to respond to this challenge, or the mismatch between workers' skills and employers' skill needs will continue to increase.

The Job Training Partnership Act (JTPA) is an essential piece of legislation that provides a solid foundation for local communities to respond to these challenges. It established local elected officials and private industry councils as equal partners who would jointly provide policy guidance and oversight for a performance driven system.

I like to think of JPTA as glue that can be used to bond existing institutions, or parts of them, together in new and creative patterns that are responsive to a volatile labor market. Glue isn't worth much all by itself--its value is in the product it creates by merging separate pieces together into a distinctly new item. It usually involves glueing jobs to education or education to jobs. The analogy is as true at the individual level as it is at the instructional level. Broken lives and broken dreams can often be repaired with this stuff by bringing the disenfranchised back into the mainstream of the labor force.

From the beginning, JTPA wasn't meant to be a separate system that would develop its own institutional base. That has proved to be both a strength and a weakness. Our strength is that we have no institutional turfs to protect. We can look objectively at public school systems, the public employment service, post-secondary training institutions, and community based organizations and judge them according to their strengths and weaknesses. Our weakness is that, in not building a new institution, we have not built a turf to project. This means that our lobbying efforts and constituencies have not been vocal enough. This shouldn't surprise you--the loudest voices are usually from those who are trying to preserve their turf, their jobs, and the status quo.

I can't overestimate the value of mayors and PICs as partners. The glue I've referred to is really epoxy. Epoxy comes in two parts. The individual parts aren't capable of causing anything to stick together. Combine them, though, and you get a powerful bonding agent. PICs and mayors work the same way. The problems and solutions are too complex for either to handle independently.

What kind of system is JTPA trying to build? Senator Simon, you have described it as being an education system. PICs often describe it as being a jobs system The argument reminds me of the beer commercial--"Tastes great! Less filling!" Obviously, it should be both and isn't fulfilling its mission unless it is both. That means that getting people jobs without making sure that skills have been acquired isn't enough. It means that job skills and no job also misses the mark.

The system's most appealing quality is that it is success-driven, with success measures built on outcomes, not processes. Any deviation from this focus on results would be a step in the wrong direction. This performance emphasis has led to local discussions and local decisions that are of much higher quality than in the past. For instance, if I have a community based organization that I'm interested in providing funds to, I don't ask "How can you fund them?" Rather, I ask '"How can their performance be brought up to established standards?" Performance is a requirement for funding--period.

With the preceding as backdrop, allow me to continue with a few comments on specific JTPA changes that you are considering:

FUNDING: You are absolutely correct in seeking a higher funding level for JTPA. JTPA funds work on the core problems, rather than treating the symptoms. The need to improve basic skill levels in order to increase our nation's competitiveness is high on the nation's agenda. Unfortunately, JTPA is not as high on the nation's agenda as it should be, even though it has a solid foundation and a proven track record.

You are also correct in striving to reduce funding fluctuations for states and cities through "hold-harmless" provisions. JTPA funds will be much more effective in building new local structures if the funds are seen as stable and long-term. Otherwise, the funds will be used for "add-on" projects which quickly become "subtract-off" projects with funding reductions. These kinds of projects lead to little institutional change. Institutional change is what we need.

Changing the funding formula is a much more difficult issue. Again, you are correct in attempting to tie allocations as closely as possible to eligible participants residing in a given area. Two problems quickly surface in this effort. First, the quality of data leaves something to be desired, especially small geographical areas and narrow target populations. Second, with a constant or shrinking pie, changing the formula creates winners and losers and becomes a divisive issue. I suggest that changing the formula should be tied to funding increases so that there will be winners and bigger winners.

Finally, on the funding issue, a return to direct federal funding of major urban areas would alleviate some of our problems. Currently, the Louisville/Jefferson County service delivery area receives only Title IIA and Title IIB funds from the state. Nc dislocated worker funds or "8% funds" for educational programs are passed on to local service delivery areas for coordination with IIA and IIB programs. A lot of time and energy is spent in trying to coordinate locally-run JTPA programs with state-run JTPA programs in our metropolitan area. Job applicants, training applicants, and employers also suffer from the unnecessary bureaucracy. Thus I agree with your proposal to send some of the "8% funds" to local service delivery areas. Sending all of it would be even better.

COMPOSITION OF PICs.

By suggesting "a broader and more balanced representation on local Private Industry Councils," you infer that something is out of balance in our current arrangement. The system, as we are all aware, was built on a tricky balancing act. What may be out of balance, in some cases, is the local relationship between the PIC and elected officials. If mayors don't provide the public sector balance to a business-led PIC, the inclination is to alter the PIC by inserting more non-business members. Weakening the private sector ownership of PICs doesn't strike me as the answer. Strengthening the public sector side of the balance might provide a better answer. Senator, both you and I recently had an opportunity to address the

National Association of Private Industry Councils' membership at their annual meeting. Several of the PIC Chairs I spoke with at that meeting expressed concern that your proposed amendments suggest that the private sector role is too strong. I believe this is the wrong message to send. Your recent change to keep the PIC Chair as a representative of the private sector helps to address this concern. I suggest that you also re-think your proposal to set required percentages of non-private members. In many cases this will result in an increase in the number of people with conflicts of interest sitting at the table.

YOUTH INITIATIVES. The country has become keenly aware of the connection between basic skills for all youths and our economic survival. A separate youth title appears justified in order to emphasize this concern and to identify clear, skills-based outcomes for youth enrollees. Allowing Summer Youth program funds to be used year-round is also a needed change. We, along with many other cities, have found that eight weeks of summer work experience doesn't solve many problems for a high school student who is reading at the third grade level and has little hope of gaining meaningful job skills. Any summer program should be blended with year-round, multi-year strategies that work hand-in-hand with the local public school system.

The idea of a "Youth Opportunity Challenge Grant" program is also appealing as a means of stimulating innovation at the local level. Local elected officials, PICs, and school systems can become energized by this type of competition and by the requirement to generate other funding sources. Many of our cities have experienced this kind of coalition building through the National Alliance of Business's efforts to replicate elements of the Boston Compact. We in Louisville are proud to have a successful product of that process. I wish to caution you, however, on one part of your proposal. Your proposal appears to open the door to the creation of another local council. The PIC-elected official structure is already in place under JTPA. I urge you to consider using the local JTPA partnership as the required base of activity for the Challenge Grant. To do otherwise is to risk setting up competing or duplicate councils.

Mayors are becoming more active in dealing directly with local school systems. The mayors of Boston, Denver, Phoenix, Los Angeles, Minneapolis--to name a few--have become directly involved in local education issues, because they understand the relationship of education to economic development. Your proposals can strengthen our ability to attack the problems without drawing battle lines based on traditional turf concerns.

CREATION OF ADDITIONAL ELIGIBILITY "WINDOW." In general, I would oppose "loosening" of eligibility requirements under JTPA. At present, we are able to serve less than 5 percent of the eligible population. We are also accused, from time to time, of "creaming" to meet desired performance levels. Loosening of eligibility would seem to be at odds with both of these concerns. I would make an exception, however, for the situation you propose--youths who clearly face substantial barriers to employment. When it is clear that a youth is "at risk," we ought to be able to use JTPA funds to do something about it, because we have so much to lose by our inaction. That is the approach we take in the Louisville Education and Employment Partnership Program for students in the 9th through 12th grades.

Overall, I think you can see that we agree more than we disagree. You and your staff are to be commended for your responsiveness to comments from the field. With the changes you have already made, I was afraid that I would have nothing to complain about by the time I testified.

In closing, let me re-emphasize that JTPA works. It works because:

- The private sector has substantial ownership;
- The system demands performance;
- It tramples on turfs of lethargic systems.

Returning to my previous analogy, this glue called JTPA can be extremely powerful in piecing together new local structures. What we need is:

- More glue;
- The flexibility to apply it where it's needed;
- PICs and mayors who will apply sufficient pressure until the new structures set properly.

The mayors are prepared to be equal partners. This program has a solid foundation, a foundation we can build on in addressing a broad range of employment and training needs. I look forward to working with you to insure that we continue the building process.

Mr. Chairman, this concludes my prepared comments. I would be happy to answer any questions.

Senator SIMON. We thank you, Mr. Mayor. I can see, after listening to you testify, how you have managed to run for re-election without any opposition in Louisville. Not too many people are in that situation.

Commissioner Norgard, we are pleased to have you here, and we would like to hear from you at this point.

Commissioner NORGARD. Thank you, and hi.

Mr. Chairman, we appreciate the opportunity to testify on the proposed JTPA Youth Employment Amendments of 1989.

I am Hal Norgard, Chairman of the Board of County Commissioners of Ramsey County, Minnesota. We are the smallest county in Minnesota and a densely populated county in the State, so we have a good mix.

I will speak later on as to our own individual problems and successes.

Today I am here to present the views of the National Association of Counties. There are approximately 32 counties that I am speaking for today.

In general, we believe the JTPA system is doing what it was designed to do. A high percentage of those who complete training are placed in jobs. Service delivery areas set placement goals and are measured against those goals at the end of each program year. An agency can lose its designation if it fails to meet its goals. This demonstrates that the system is driven by the performance standards.

Last Thursday a group of elected county officials and program directors reviewed the new version of the bill. I will briefly summarize the recommendations. You have before you my testimony, and this will briefly highlight it.

Senator SIMON. We will enter your full testimony in the record.

Commissioner NORGARD. Thank you.

In principle, we agree that the funds should be allocated to State and local areas on the basis of their share of eligible population. Your proposal points out that while the block grant and youth programs are designed to serve economically disadvantaged individuals, two-thirds of the funds under the present formula are allocated to State and local areas on the basis of unemployment data. Only one-third is allocated on the basis of economically disadvantaged data.

Before any changes are adopted in the distribution formula, a more accurate data base must be established that provides current data on eligible clients residing in all areas. Equitable funding must also be provided to ensure access to services to eligible clients in urban, suburban and rural areas.

The stability of funds is also a critical issue for local service delivery areas. We would urge the subcommittee to avoid any changes in the formula that would cause drastic shifts in State and local funds on a year-to-year basis.

We would also urge the subcommittee to recognize the higher costs associated with training hard-to-serve clients. Since these clients have greater training needs, they usually require longer, more intensive training.

We appreciate the proposed adjustment to the performance standards which recognize the difficulty in helping hard-to-serve clients to overcome multiple barriers to employment.

Combined youth programs. We support giving increased flexibility to local areas to combine all youth activities into one program. This will enable service delivery areas to address the needs of youth in a more comprehensive manner. We also support separate performance standards for in-school and out-of-school youth.

Composition of the PICs. We believe the Private Industry Councils are working well under the current law, and we would not like to see any changes. The proposed minimum percentage for labor and community-based organizations and for public agencies will undermine local flexibility to appoint members to the PIC that reflect community needs.

And here, I have got to ad lib a little bit. We are very proud of our PIC, and I bring this up because we have a good mix, and we meet the quotas. But we have people from all walks of life. We have youth there, and we have older people. We have a real good mix. I think it is the greatest thing we have going for us, because it unites the community, and it brings people together.

I am going to leave with you a video that we just made. This was cosponsored with the two JTPA programs in our county, private industry, the McKnight Foundation, which is 3M, the County Board, and our Human Services Department. I will leave that with you.

But the important thing is it is another staff person for you, because when we sit and meet, there are two county commissioners on that PIC, and when we sit and meet, we bring a lot of things together. Just to use an example here—and this just happened last week—one of the PIC members brought to our group the Presbyterian home, which is in the medical field, that they would be interested in training and working with some of our people. This is an entry fee of about $6.50 per hour, with fringes, the medical and dental. And if it had not been for that PIC person, we would not have known about it. So it really works, and we are really happy with our PIC, and I am glad to see that we want to leave that chairman the way it is.

Now, on the challenge grants. We question the need for another demonstration program that would serve clients outside the existing delivery system. We feel that the additional funds called for in the bill could be better used by increasing assistance for adults and youth in the existing programs. The new five-year demonstration program would also open the door to duplication, since funds could be distributed to a wide variety of agencies outside of the existing service delivery system.

In summary, Mr. Chairman, we believe the JTPA system has established a successful track record and that it could be fine-tuned to better serve the most needy in our communities. We believe the proposed changes in the performance standards that expand positive outcomes for hard-to-serve clients and allow increased expenditures for support services will encourage greater service.

Thank you for the opportunity to testify. We would be happy to answer any questions.

I think another thing that is important to our county board—we have two people sitting on that PIC. And we give hard county money to keep our program going. I think in 1985, we put $10,000 into it; the next year it was about $22,000; the following year, it was about $69,000; and in 1988, we put about $89,000 into it.

So we are involved, and I want you to know that we are a seven-member board, and it is seven-to-zero, and that is pretty good with our board, I'll tell you that.

So you can see that we have interested people on it, we work at it, and we believe in the program. And I have been 14 or 15 years on the board, and I have been through all the programs—I have learned the alphabet, I'll tell you that—there are a lot of programs, and you have to work at it. If you do not work at it, you are not going to be successful. It takes time, and it is fundamentals.

I have coached for years, and my philosophy of life is that you work on fundamentals, and the harder you work on fundamentals, the luckier you get, and you learn work ethics. I think this is very, very important. So we have to do a better job. We always sit down and tell people: "You can do better." And I believe that is right. But to do it, it takes time, it takes money, it takes energy, and within your own heart, you have a feeling that you have accomplished something. Every person has to feel that, and that takes time.

I heard you, Mr. Chairman, ask about the schools and how we best can do this. Being a school teacher, I say start in the elementary schools and work at it. I do not care in the elementary schools if it is one to—whatever your quota—but in high school where I taught, one-to-300, and I can handle that. But in that elementary school, whatever it takes, if it is one-to-one, one-to-ten, or whatever it is, that is the only way you are going to win. It takes time, and you have got to work at it—and you cannot give up.

Thank you.

[The prepared statement of Commissioner Norgard follows:]

NATIONAL
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STATEMENT OF

THE HONORABLE HAL NORGARD

CHAIRMAN

BOARD OF COUNTY COMMISSIONERS

RAMSEY COUNTY, MINNESOTA

ON BEHALF OF THE

NATIONAL ASSOCIATION OF COUNTIES

BEFORE THE

SENATE EMPLOYMENT AND PRODUCTIVITY SUBCOMMITTEE

ON THE

JTPA YOUTH EMPLOYMENT AMENDMENTS OF 1989

MARCH 9, 1989

WASHINGTON, DC

THANK YOU MR. CHAIRMAN. WE APPRECIATE THE OPPORTUNITY TO TESTIFY ON THE PROPOSED JTPA YOUTH EMPLOYMENT AMENDMENTS OF 1989. I AM HAL NORGARD, CHAIRMAN OF THE BOARD OF COUNTY COMMISSIONERS IN RAMSEY COUNTY, MINNESOTA. I AM DEEPLY HONORED TO APPEAR BEFORE THE SUBCOMMITTEE TO PRESENT THE VIEWS OF THE NATIONAL ASSOCIATION OF COUNTIES.* THE ASSOCIATION TAKES GREAT PRIDE IN REPRESENTING OVER TWO-THIRDS OF OUR NATION'S 3,106 COUNTIES IN RURAL, SUBURBAN AND URBAN AREAS ACROSS AMERICA.

BEFORE I COMMENT ON THE BILL, WE WOULD FIRST LIKE TO COMMEND YOU FOR INVOLVING US IN THE EARLY STAGES OF DEVELOPING THIS LEGISLATION AND FOR KEEPING THE DIALOGUE OPEN AS CHANGES HAVE BEEN ADOPTED. WE WOULD ALSO LIKE TO COMMEND THE SUBCOMMITTEE STAFF FOR MEETING WITH US, AND LISTENING TO OUR CONCERNS ABOUT HOW THE PROPOSED CHANGES WILL AFFECT JOB TRAINING

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*THE NATIONAL ASSOCIATION OF COUNTIES IS THE ONLY NATIONAL ORGANIZATION REPRESENTING COUNTY GOVERNMENT IN THE UNITED STATES. THROUGH ITS MEMBERSHIP, URBAN, SUBURBAN AND RURAL COUNTIES JOIN TOGETHER TO BUILD EFFECTIVE, RESPONSIVE COUNTY GOVERNMENT. THE GOALS OF THE ORGANIZATION ARE TO: IMPROVE COUNTY GOVERNMENT; SERVE AS THE NATIONAL SPOKESMAN FOR COUNTY GOVERNMENT; ACT AS A LIAISON BETWEEN THE NATION'S COUNTIES AND OTHER LEVELS OF GOVERNMENT; ACHIEVE PUBLIC UNDERSTANDING OF THE ROLE OF COUNTIES IN THE FEDERAL SYSTEM.

PROGRAMS AT THE STATE AND LOCAL LEVEL. BECAUSE OF YOUR HARD WORK AND DEDICATION, SIGNIFICANT IMPROVEMENTS HAVE BEEN MADE SINCE THE INITIAL DRAFT OF THE BILL. WE REMAIN CONFIDENT THAT FINAL LEGISLATION WILL BE ADOPTED THAT WILL BUILD UPON THE SUCCESS THAT WE HAVE ALREADY EXPERIENCED.

THE PROPOSED AMENDMENTS SEEK TO BETTER TARGET LIMITED FUNDS, ESTABLISH BROADER REPRESENTATION ON THE PRIVATE INDUSTRY COUNCIL AND CREATE A NEW FIVE-YEAR DEMONSTRATION PROGRAM TO IMPROVE ASSISTANCE FOR YOUTHS WITH SEVERE BARRIERS TO EMPLOYMENT. MAJOR CHANGES WOULD BE MADE IN THE DISTRIBUTION FORMULA FOR ADULT AND YOUTH TRAINING PROGRAMS, SEPARATE PERFORMANCE STANDARDS WOULD BE DEVELOPED FOR HARD-TO-SERVE PARTICIPANTS, AND LOCAL AREAS WOULD RECEIVE INCREASED FLEXIBILITY TO COMBINE ALL YOUTH ACTIVITIES IN ONE PROGRAM.

WE AGREE THAT MORE NEEDS TO BE DONE TO BETTER SERVE THOSE MOST IN NEED. TEEN PARENTS, SCHOOL DROPOUTS, THOSE WHO ARE DEFICIENT IN READING AND MATH SKILLS, LONG-TERM WELFARE CLIENTS AND OTHERS WITH MULTIPLE BARRIERS TO EMPLOYMENT MUST NOT BE OVERLOOKED. REDUCTIONS IN OUR POPULATION GROWTH, CHANGES IN OUR NATIONAL ECONOMY AND INCREASING GLOBAL COMPETITION WILL DEMAND A MUCH MORE HIGHLY TRAINED, HIGHLY SKILLED WORK FORCE AS WE

APPROACH THE YEAR 2000. EVEN NOW AS WE SPEAK, WE ARE FACING A CRITICAL SHORTAGE OF SKILLED WORKERS IN MANY AREAS. WE MUST MAKE EVERY EFFORT TO TRAIN EVERYONE TO BE PRODUCTIVE CITIZENS.

COUNTY OFFICIALS HAVE LONG HAD A VITAL INTEREST IN HELPING THE MOST NEEDY IN OUR COMMUNITIES TO BECOME SELF-SUFFICIENT. THE JTPA PROGRAM OFFERS US A UNIQUE OPPORTUNITY TO BRING TOGETHER THOSE WHO NEED JOBS WITH THOSE WHO NEED TRAINED WORKERS. UNDER THE CURRENT SYSTEM, LOCAL ELECTED OFFICIALS AND PRIVATE INDUSTRY COUNCILS HAVE THE FLEXIBILITY THEY NEED TO DESIGN PROGRAMS TO TRAIN ELIGIBLE CLIENTS FOR LABOR SHORTAGES THAT EXIST IN THE LOCAL BUSINESS COMMUNITY. IT IS THIS PARTNERSHIP THAT HAS CONTRIBUTED MUCH TO THE SUCCESS OF THE PROGRAM. THIS CONCEPT HAS WORKED VERY WELL IN RAMSEY COUNTY. LAST YEAR 347 PARTICIPANTS COMPLETED TRAINING UNDER OUR BLOCK GRANT PROGRAM. OF THAT TOTAL, 249 (72%) FOUND JOBS WITH AN AVERAGE STARTING WAGE OF $6.54 PER HOUR. LET ME JUST ADD THAT 97 OF THOSE COMPLETING THE PROGRAM WERE ADULT WELFARE CLIENTS AND 64 (67%) OF THOSE FOUND JOBS AT AN AVERAGE STARTING WAGE OF $6.75 PER HOUR.

IN GENERAL, WE BELIEVE THE JTPA SYSTEM IS DOING WHAT IT WAS DESIGNED TO DO--PLACING A HIGH PERCENTAGE OF THOSE WHO COMPLETE TRAINING INTO JOBS. SERVICE DELIVERY AREAS ARE REQUIRED TO SET PLACEMENT GOALS AGAINST WHICH THEY ARE MEASURED AT THE END OF EACH PROGRAM YEAR. FAILURE TO MEET THESE GOALS COULD CAUSE AN AGENCY TO LOSE ITS DESIGNATION AS THE ADMINISTRATIVE ENTITY; AND

CONSEQUENTLY TO LOSE ITS RIGHT TO ADMINISTER JOB TRAINING PROGRAMS IN THE FUTURE.

BECAUSE THE CURRENT SYSTEM IS PERFORMANCE DRIVEN, NATIONAL REPORTS WILL SHOW THAT LOCAL SERVICE DELIVERY AREAS HAVE RESPONDED ACCORDINGLY. THE DECEMBER 1988 JOB TRAINING QUARTERLY SURVEY ESTIMATES THAT, 487,400 PARTICIPANTS ACROSS THE NATION FOUND JOBS AFTER LEAVING THE TITLE II-A BLOCK GRANT PROGRAM IN 1987. THIS REPRESENTS 64 PERCENT OF THE TOTAL TERMINATIONS. IF WE ISOLATE ADULTS, THE REPORT SHOWS THAT 72 PERCENT FOUND JOBS WITH AN AVERAGE STARTING WAGE OF $5.11 PER HOUR. FOR ADULT WELFARE CLIENTS, THE REPORT SHOWS THAT 62 PERCENT GOT JOBS, AND FOR SCHOOL DROPOUTS, 60 PERCENT GOT JOBS. WHILE WE ARE NOT COMPLETELY SATISFIED WITH THESE STATISTICS, WE BELIEVE THEY ARE IMPRESSIVE, PARTICULARLY WHEN WE CONSIDER THAT THEY FAR EXCEED THE NATIONAL STANDARDS.

AS WE MENTIONED EARLIER, WE AGREE WITH YOU MR. CHAIRMAN, THAT MORE CAN AND SHOULD BE DONE TO HELP CLIENTS WITH MULTIPLE BARRIERS TO EMPLOYMENT. WHILE WE SUPPORT MANY ASPECTS OF THE NEW BILL, WE REMAIN CONCERNED ABOUT SEVERAL AREAS. LAST THURSDAY A WORK GROUP OF COUNTY ELECTED OFFICIALS AND PROGRAM DIRECTORS REVIEWED THE NEW VERSION OF THE BILL AND MADE RECOMMENDATIONS FOR CHANGES. I WILL BRIEFLY SUMMARIZE THE POSITION THAT THE NATIONAL ASSOCIATION OF COUNTIES ADOPTED AT OUR ANNUAL LEGISLATIVE CONFERENCE.

DISTRIBUTION FORMULA

IN PRINCIPLE WE AGREE THAT FUNDS SHOULD BE ALLOCATED TO STATE AND LOCAL AREAS ON THE BASIS OF THEIR SHARE OF THE ELIGIBLE POPULATION. YOUR PROPOSAL POINTS OUT THAT WHILE THE BLOCK GRANT AND YOUTH PROGRAMS ARE DESIGNED TO SERVE ECONOMICALLY DISADVANTAGED INDIVIDUALS, TWO-THIRDS OF THE FUNDS UNDER THE CURRENT FORMULA ARE ALLOCATED TO STATE AND LOCAL AREAS ON THE BASIS OF UNEMPLOYMENT DATA, AND ONLY ONE-THIRD IS ALLOCATED ON THE BASIS OF ECONOMICALLY DISADVANTAGED DATA. TO ADDRESS THIS PROBLEM, THE BILL WOULD SIGNIFICANTLY INCREASE THE AMOUNT OF FUNDS THAT WOULD BE ALLOCATED TO AREAS BASED ON ECONOMICALLY DISADVANTAGED DATA. FOR THE BLOCK GRANT PROGRAM, THE AMOUNT ALLOCATED ON THE BASIS OF ECONOMICALLY DISADVANTAGED DATA WOULD BE INCREASED TO 50 PERCENT. THE REMAINING 50 PERCENT WOULD BE ALLOCATED ON THE BASIS OF A STATE'S RELATIVE SHARE OF THE ECONOMICALLY DISADVANTAGED INDIVIDUALS.

THE PROBLEMS IN THE DISTRIBUTION FORMULA EXTEND BEYOND THE WEIGHTED FACTORS WHICH FAVOR UNEMPLOYMENT DATA. THE ECONOMICALLY DISADVANTAGED DATA IS BASED ON 10-YEAR OLD CENSUS INFORMATION WHICH DOES NOT REFLECT THE CURRENT NUMBER OF INDIVIDUALS RESIDING IN STATES AND LOCALITIES. UNTIL THIS PROBLEM IS CORRECTED, WE MAY NEVER BE SURE THAT FUNDS ARE ALLOCATED TO AREAS WITH THE GREATEST NEED.

BEFORE ANY CHANGES ARE ADOPTED IN THE DISTRIBUTION FORMULA, A MORE ACCURATE DATA BASE MUST BE ESTABLISHED THAT PROVIDES CURRENT DATA ON ELIGIBLE CLIENTS RESIDING IN ALL AREAS. EQUITABLE FUNDING MUST ALSO BE PROVIDED TO ENSURE ACCESS TO SERVICES TO ELIGIBLE CLIENTS IN URBAN, SUBURBAN AND RURAL AREAS. THE STABILITY OF FUNDS IS ALSO A CRITICAL ISSUE FOR LOCAL SERVICES DELIVERY AREAS. WE WOULD URGE THE SUBCOMMITTEE TO AVOID ANY CHANGES IN THE FORMULA THAT WOULD CAUSE DRASTIC SHIFTS IN STATE AND LOCAL FUNDS ON A YEAR TO YEAR BASIS.

WE WOULD ALSO URGE THE SUBCOMMITTEE TO RECOGNIZE THE HIGHER COSTS ASSOCIATED WITH TRAINING HARD-TO-SERVE CLIENTS. SINCE THESE CLIENTS HAVE GREATER TRAINING NEEDS, THEY USUALLY REQUIRE LONGER, MORE INTENSIVE TRAINING. WE APPRECIATE THE PROPOSED ADJUSTMENTS IN THE PERFORMANCE STANDARDS WHICH RECOGNIZE THE DIFFICULTY IN HELPING HARD-TO-SERVE CLIENTS TO OVERCOME MULTIPLE BARRIERS TO EMPLOYMENT. BY ADOPTING EDUCATIONAL COMPETENCIES AS A POSITIVE OUTCOME, AND INCREASING THE CLIENTS ELIGIBILITY WAIVER FROM 10% TO 15% WE BELIEVE LOCAL SERVICE DELIVERY AREAS WILL BE GREATLY ENCOURAGED TO SERVE MORE CLIENTS WITH MULTIPLE BARRIERS.

COMBINED YOUTH PROGRAM

WE SUPPORT GIVING INCREASED FLEXIBILITY TO LOCAL AREAS TO COMBINE ALL YOUTH ACTIVITIES IN ONE PROGRAM. THIS WILL ENABLE SERVICE DELIVERY AREAS TO ADDRESS THE NEEDS OF YOUTHS IN A MORE COMPREHENSIVE MANNER. WE ALSO SUPPORT SEPARATE PERFORMANCE STANDARDS FOR IN-SCHOOL AND OUT-OF-SCHOOL YOUTHS. IN-SCHOOL YOUTHS MUST BE ENCOURAGED TO IMPROVE THEIR BASIC SKILLS AND COMPLETE SCHOOL. OUT-OF-SCHOOL YOUTHS NEED A WIDER RANGE OF SERVICES DEPENDING ON THEIR STATUS (i.e., TEEN PARENTS, LACKING IN READING AND MATH SKILLS, ETC...). THEREFORE, THEY MUST BE ENCOURAGED TO MAKE PROGRESSIVE STEPS TOWARDS EMPLOYMENT. THE PROPOSED CHANGES ARE STEPS IN THE RIGHT DIRECTION.

COMPOSITION OF THE PIC

SINCE THE INITIAL DRAFT OF THE BILL, A NUMBER OF CHANGES HAVE BEEN PROPOSED IN THE COMPOSITION OF THE PRIVATE INDUSTRY COUNCIL. MANY OF THOSE CHANGES HAVE BEEN DROPPED AND WE APPRECIATE IT. QUITE FRANKLY, WE BELIEVE THE PRIVATE INDUSTRY COUNCILS ARE WORKING WELL UNDER CURRENT LAW AND WE WOULD NOT LIKE TO SEE ANY CHANGES. THE PROPOSED MINIMUM PERCENTAGES FOR LABOR AND COMMUNITY BASED ORGANIZATIONS AND FOR PUBLIC AGENCIES WILL UNDERMINE LOCAL FLEXIBILITY TO APPOINT MEMBERS TO THE PIC THAT REFLECT COMMUNITY NEEDS.

CHALLENGE GRANTS

WE QUESTION THE NEED FOR ANOTHER DEMONSTRATION PROGRAM THAT WOULD SERVE CLIENTS OUTSIDE THE EXISTING DELIVERY SYSTEM. WE FEEL THAT THE ADDITIONAL FUNDS CALLED FOR IN THE BILL COULD BE BETTER USED BY INCREASING ASSISTANCE FOR ADULTS AND YOUTHS IN THE EXISTING PROGRAMS. FURTHERMORE, THE MATCHING 50 PERCENT REQUIREMENT HAS NOT PROVEN TO BE AN EFFECTIVE APPROACH FOR INCREASING AVAILABLE ASSISTANCE. THE NEW FIVE-YEAR DEMONSTRATION PROGRAM WOULD ALSO OPEN THE DOOR TO DUPLICATION SINCE FUNDS COULD BE DISTRIBUTED TO A WIDE VARIETY OF AGENCIES OUTSIDE OF THE EXISTING SERVICE DELIVERY SYSTEM.

IN SUMMARY MR. CHAIRMAN, WE BELIEVE THE JTPA SYSTEM HAS ESTABLISHED A SUCCESSFUL TRACK RECORD AND THAT IT COULD BE FINE-TUNED TO BETTER SERVE THE MOST NEEDY IN OUR COMMUNITIES. WE BELIEVE THE PROPOSED CHANGES IN THE PERFORMANCE STANDARDS THAT EXPAND POSITIVE OUTCOMES FOR HARD TO SERVE CLIENTS AND ALLOW INCREASE EXPENDITURES FOR SUPPORT SERVICES WILL ENCOURAGE GREATER SERVICE.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY AND WE WOULD BE HAPPY TO ANSWER ANY QUESTIONS AT THIS TIME.

Senator SIMON. Thank you very much, Mr. Commissioner. We appreciate your testimony. I can see you watch those dollars carefully in your county, and I applaud you for doing that.

Commissioner NORGARD. We are a very conservative county—but we are a people-to-people county, and I think that is important. That is why we are here. We have to be people-effective and economic-effective.

Senator SIMON. I appreciate that.

Let me ask you this, Mr. Chairman. As you described your PIC board, it sounds to me like the changes that are suggested here will not in any way change your board; that you have a pretty good mix from your community. And frankly, our aim is to get that kind of a mix.

Commissioner NORGARD. I feel very strongly about that, because we have an outstanding PIC committee. And the thing that makes it outstanding is it is not a rubber-stamp board. Everyone has something to say. We are there from the education system, we are there from 3M, we are there from all walks of life. We have got labor involved, the educators involved, we have got our veterans involved. We have a good mix. And I would say the most important thing about that mix is that they are not "yes" people; they sit down and argue and fight and come up with a common sense conclusion that takes time, but it does happen.

The other thing that I think is important is we have a lot of young people on that PIC, and we have a lot of old people. So we have a good mix. We have got people coming from all ends, trying to come up with solutions. And I will tell you, we do come up with solutions, and the county board shows it by putting in money to keep it going.

Senator SIMON. Before I ask any further questions, I would note the presence of one of the most respected members of this body, the senior Senator from South Carolina, Senator Thurmond.

Senator THURMOND. Oh, thank you very much—I am running next year, and I'll bring you down to my State to speak for me. [Laughter.]

But I assure you it is mutual.

Senator SIMON. Thank you.

Senator THURMOND. We have a very fine chairman. We are from different parties and frequently go different ways, but we have respect for each other, and that is what counts after all.

Senator SIMON. Absolutely.

Senator THURMOND. Mr. Chairman, I want to commend you for holding this first in a series of three hearings on the Job Training Partnership Act. It is a pleasure for me to serve as the incoming Ranking Member of the Subcommittee on Employment and Productivity, and I welcome the opportunity to work with you and the other members of the subcommittee on this important legislation.

During the 101st Congress, this subcommittee will be exploring issues that will greatly influence policies relating to the employment and training needs of our Nation. I am confident that through bipartisan cooperation, the members of this subcommittee will be able to support legislation that will serve to continue the trend of unprecedented economic growth which our country has experienced over the last six years.

Mr. Chairman, the Job Training Partnership Act of 1982 established a unique system in which Government and private industry have united to provide job training programs for unskilled and economically disadvantaged Americans. Through participation in the JTPA, an underprivileged segment of our population has been able to enter the work force as productive citizens.

Since the JTPA became fully operational on October 1, 1983, this initiative has become one of the principal means of addressing employment problems among our country's disadvantaged youth and adults, as well as our dislocated workers.

The JTPA is based on the principle that public and private coalitions can successfully address problems that in the past had been considered to be solely within the authority of the Government.

Unlike previous attempts by the Federal Government to provide training and employment programs, the JTPA allows for major participation from State and local governments; places emphasis on training rather than on income support or subsidized employment, with the exception of a limited amount for youth; and requires that all programs be held accountable through a system of mandatory performance standards.

However, the key to the success of the JTPA has been the involvement of business and industry in its administration. Through 600 Private Industry Councils (PIC's), representatives of the business community have provided policy guidance and oversight for local job training programs along with representatives from educational agencies, organized labor, rehabilitation agencies, community-based organizations, economic development agencies, and the public employment service.

Under the present law, a majority of PIC members and the chairman must be representatives of the private sector. I believe that it is necessary for business to retain this position in any revisions that may be made in the JTPA.

It is important to note that the Departments of Labor has observed that PICs have brought the discipline of the marketplace to employment and training programs. They also have enhanced the effectiveness of such programs as well as restored their image as appropriate tools for addressing major economic and social issues.

The JTPA has developed an outstanding record of achievement. However, due to changes in the marketplace, review of this initiative and the basic principles on which it is grounded, has been called for. Senator Simon has devoted much time and effort to developing legislation that would modify the JTPA.

Also, the Department of Labor through its JTPA Advisory Committee has conducted an in-depth study and is expected to release its findings next week. I am looking forward to reviewing this information and carefully considering the proposals that are being brought forth by the chairman of our subcommittee, as well as those of the Administration.

Mr. Chairman, while my schedule will not permit me to be present for the entire hearing, because we are having a POW occasion in the Rotunda of the Capitol, therefore, I must get back for that. We are all interested in our POWs, and we honor them for their service to their country. However, I will review the testimony that is presented in my absence at a later date.

Mr. Chairman, I want to assure you of my full cooperation in efforts done to help the people for whom this Act was passed—the disadvantaged, the economically disadvantaged, some of whom are uneducated—we must do all that we can to help these people, and I shall cooperate to that end.

Thank you.

Senator SIMON. Thank you very, very much, Senator Thurmond. We appreciate your statement.

In his statement, he mentioned that the Department of Labor has an Advisory Committee that is going to be making recommendations. I will be meeting shortly with the new Secretary of Labor, Liddy Dole, to discuss with her where we go on this. My hope is that we can move in a direction that is a constructive one for everyone.

Senator THURMOND. Mr. Chairman, may I just say a word? I would just say that I join with you in welcoming Mayor Abramson and Commissioner Norgard. We are very pleased to have you gentlemen here, and I am sure your statements will constitute a fine contribution to this hearing.

Senator SIMON. We thank you for being here. Unfortunately, we get drawn from one meeting to another; you two are not unfamiliar with that.

Let me just add to the discussion on the composition of the PICs. What we are interested in is apparently the very thing you have, so that we get a sufficient mix of groups involved in the PIC. We are particularly anxious, for example, to have vocational educators become involved—as a former teacher, you can appreciate this—that we should be meshing those programs with the needs in the community.

Another reality is we would like to get more people, frankly, promoting the JTPA program, so that we can make that pie a little larger as you were suggesting, Mr. Mayor.

One of the things that you mentioned in your statement, Mayor Abramson, is the problems you are having at the State level in terms of responsiveness to urban situations. Are there changes in the legislation that could effectively deal with that, or what do you recommend in that regard?

Mayor ABRAMSON. Well, I guess there are a couple ways you could look at it. Our first request would be that the program itself be a partnership between the local Government and the Federal Government. As I said, the folk heroes of the past used to talk a lot about partnerships between the Federal and the local Governments. We would like to see that revisited again.

I say that only because I had an opportunity the other day to meet with one of your colleagues; there were about eight or nine mayors sitting around, and he was going through the different programs that you all have provided the cities, dealing with drug issues, dealing with housing issues, dealing with the homeless, et cetera, and his question to us was focused on how quickly have you received these specific funds. And there was no question from the eight of us sitting around the table—the Mayor of Philadelphia, myself, the Mayor of Phoenix, the Mayor of Seattle, the Mayor of Little Rock, the Mayor of Birmingham and the Mayor of Providence, Rhode Island—that the McKinney Act, for example, which went directly to cities—we have all put up walls, put up roofs, set up health care facilities, created shelters and food immediately because the funds went directly to us. The drug funds that came to Washington and the funds that were focused in other areas that went through the State, most if not all of us in each case were still waiting.

So our first desire, if we could ever revisit that issue again, is to recreate the Federal-local partnership. However, if that is not a reality in the year 1989, we certainly hope that there will be some focus on either direction in the bill or the regulations promulgated thereunder that would require certain things to occur in a time frame—i.e., we should get our funds, or our allocations should be made within 30 days or something of that nature. And also, as I said, we get the Title II–A and II–B funds coming in, but the dislocated worker funds, our State has chosen in the way they are implementing it not to provide any funds for the urban area of Louisville, the largest city in the Commonwealth, and the funds are being divvied out elsewhere throughout the Commonwealth. The 8 percent funds for education—we did not receive those within our community.

It seems to me that there does not need to be a dislocated workers office opened by the State in the outskirts of Louisville to handle that issue, and the PIC is over here with all of their service groups handling this issue; we have got the whole issue of welfare now coming up, and who is going to handle the job training dimension of the welfare bill once you get daycare and welfare opportunities all together. It has got to be focused, in my judgment, in one location, under one umbrella, in a coordinated effort.

And the PIC, which is not an institution, which is not carrying the banner of anything other than being a "glue" to bond everybody together, is a perfect place for that to occur.

Senator SIMON. Well, I like the "glue" analogy. What you are really talking about, then, is primarily a time factor but also somewhat an allocation factor.

Mayor ABRAMSON. I would hope the allocation would be first. But people keep telling me that those days are gone. So I would step back and say the time factor in terms of how quickly what gets to us will get to us, and then at the State level, if you will write in something that, when you give it to the State, allocates so much to the heavily-unemployed areas which are cities, the urban areas of our States, it would be most helpful.

Senator SIMON. Commissioner, which do you prefer, "Commissioner" or "Mr. Chairman"?

Commissioner NORGARD. Whatever you want.

Senator SIMON. All right. You sound like a "whatever you want" guy, and I appreciate that.

Do you have a problem with the State and——

Commissioner NORGARD. No, we do not have that problem. We are pretty much a community-oriented system, and we work through human services system in our county. We do get together with the State, and we are joining forces, two counties get together in different programs. We are able to do that, but that money is handed down locally. Our problem is to get our own bureaucracy, our own groups in the county, to get together and say how we are going to do this. But we are doing a pretty good job of that.

Senator SIMON. And you do not sense any delay from the State in getting the money to you.

Commissioner NORGARD. No. Our State works with the local level. That is why our county board is so involved. We are out there, after everything we can get, and we are first in line.

Senator SIMON. Well, you are not unusual in that, I have to tell you, Mr. Chairman.

We thank you both for your testimony and your leadership. You have helped us. Let me just add, as you go back to Louisville and Minnesota, if you think of other specific suggestions before we mark up this bill, we would appreciate those specific suggestions you might have.

Commissioner NORGARD. You do not have to worry about that.

Mayor ABRAMSON. Thank you very much.

Senator SIMON. All right. Thank you very, very much.

Our final panel includes Mr. Elton Jolly, President and Chief Executive Officer of Opportunities Industrialization Centers, and Arturo Vazquez, Director of the Mayor's Office of Employment and Training in Chicago.

We are very happy to have you here. And Mr. Jolly, I assume you work with Reverend Sullivan quite a bit, and you give him my greetings.

STATEMENTS OF ELTON JOLLY, PRESIDENT AND CHIEF EXECUTIVE OFFICER, OPPORTUNITIES INDUSTRIALIZATION CENTERS OF AMERICA, PHILADELPHIA, PA; AND ARTURO VAZQUEZ, DIRECTOR, MAYOR'S OFFICE OF EMPLOYMENT AND TRAINING, CHICAGO, IL

Mr. JOLLY. Mr. Chairman, I think that is a reasonable assumption. I do work for him. He is my boss.

I want to thank you for this opportunity.

Senator SIMON. And I thank you for being here. We look forward to hearing from you now, Mr. Jolly.

Mr. JOLLY. I am here representing the Opportunities Industrialization Centers of America, to offer comments on proposed amendments to the Job Training Partnership Act, JTPA.

Reverend Sullivan sends his regrets that he could not be with you today. He is recovering from an illness, and his doctors told him last week that it was too soon for him to travel to Washington.

He and the OICs of America thank you, Senator Simon, and the other members of this committee for your continued leadership in the development of a comprehensive, aggressive, targeted employment and training policy.

I would like to make some general recommendations regarding future directions of JTPA. JTPA should be more targeted. It should focus resources on the 27 million illiterates. It should educate and train the almost one million youth who drop out of school each year. Provisions should be made to help the teen parent.

The members of teenage gangs, which are becoming violent and more involved in elicit drug marketing and distribution must be offered alternatives.

The older worker, who has been idled by changes in the economy or technology must be re-educated and retrained.

We must work with long-term welfare recipients if we are to reduce their dependency. Provision of jobs to them is the key.

We are at risk of creating in America a permanent underclass, which is unacceptable to me and can put our democracy and economy at risk.

JTPA should allocate funds to communities which are most in need. Some way must be found to target more resources to these areas. JTPA should consider holding the existing allocations harmless and allocating significant additional resources to those areas where the need is greatest.

Among the factors used in allocating JTPA dollars, the number of economically disadvantaged in an area will target funds to those most in need. It is critical for youth because the young people most in need have little or no attachment to the labor force.

We must improve our systems of accountability to assure that those in need are receiving services which they need to become productive and self-sufficient.

The partnerships which have been developed under JTPA are a significant accomplishment. Let's build on these new constructive relationships between business and Government.

The role of the community-based organizations is also vital in the planning and delivery of employment and training services. Now is the time to invest in building the capacity of CBOs.

We need to continue to train our boards of directors and other volunteers. Our staff needs increased skills and exposure to the benefits of harnessing the power of the new technology.

We recognize we cannot train people to be productive workers on obsolete machines. OIC and other CBOs need funds to invest in modern equipment and learning tools.

The 15 percent cap on administrative costs under JTPA has squeezed all nonprofit organizations. We do not have the funds to support the administration of JTPA grants. Contracts must allow more funding and a higher margin of error for serving people with more serious barriers to employment.

There must be a system to share risk and reward agencies which choose to serve those most in need. That is real accountability.

We have some comments to make on the proposed legislation, Senator.

The definition of community-based organization has been changed, and I fear that the elimination of names from the definition will mean that we are once again ignored in some areas. We fought a long, long time to be included, and I would hate for us to lose that advantage and that continued opportunity.

The provision that Private Industry Councils have 17 percent membership from CBOs and unions, in my judgment, is progress. Both need to be represented. The legislation needs to assure that both labor and CBOs are equitably represented. We must assure that CBOs which have demonstrated their effectiveness are given due consideration.

I enthusiastically support your amendment to target services to areas of greatest need by changing the funding formula. We will support 100 percent for this factor. I must raise a concern that we are now using 1979 figures, and we will be using them until 1992 when the next Census is complete.

The youth formula is even more difficult. It seems to me that the second tier of your allocation formula, 50 percent economically disadvantaged and 50 percent relative numbers residing in areas with substantial economically disadvantaged youth, will target services best.

I would also recommend that priority of service be given to youth with specific deficiencies: dropouts, illiterates, youth functioning more than one level below grade and in school, teen parents, and youth who are out of school and have never been in the labor force.

The Youth Opportunity Challenge Grant should be supported. Cooperative agreements are essential. We must find a way to assure that Challenge Grants go to communities with the greatest challenge. What happens if a major city with most of the at-risk youth cannot match the Federal funds due to a budget deficit? We must find language to focus the Challenge Grant program on areas with greatest need.

Finally, I support any increase in funding, recognizing that with the authorization we presently have, we only serve somewhere between 7 and 10 percent of those who really need the services.

I want to thank you for this opportunity to share OIC's experience and expertise. I thank the committee for its leadership and pledge OIC's support for any legislation which will help us train the poor and unemployed for jobs and for self-sufficiency.

Senator SIMON. Thank you very much, Mr. Jolly.

[The prepared statement of Mr. Jolly follows:]

TESTIMONY OF ELTON JOLLY
PRESIDENT AND CHIEF EXECUTIVE OFFICER
OICS OF AMERICA

before the

EMPLOYMENT AND PRODUCTIVITY SUBCOMMITTEE
of the
SENATE LABOR AND HUMAN RESOURCES COMMITTEE

MARCH 9, 1989

I THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY, REPRESENTING THE OPPORTUNITIES INDUSTRIALIZATION CENTERS OF AMERICA TO OFFER COMMENTS ON PROPOSED AMENDMENTS TO THE JOB TRAINING PARTNERSHIP ACT (JTPA). REV. SULLIVAN SENDS HIS REGRETS THAT HE COULD NOT BE WITH YOU TODAY. HE IS RECOVERING FROM AN ILLNESS AND HIS DOCTORS TOLD HIM LAST WEEK THAT IT WAS TOO SOON FOR HIM TO TRAVEL TO WASHINGTON. HE WANTED ME TO ASSURE YOU THAT HE WILL SOON BE BACK AT FULL STRENGTH AND WILL CONTINUE TO LEAD OICS OF AMERICA TOWARD ITS MISSION OF HELPING THE POOR AND UNEMPLOYED TO HELP THEMSELVES TO BECOME SELF SUFFICIENT WORKERS.

OIC THANKS SENATOR SIMON AND THE OTHER MEMBERS OF THIS COMMITTEE FOR YOUR CONTINUED LEADERSHIP IN THE DEVELOPMENT OF A COMPREHENSIVE, AGGRESSIVE, TARGETED EMPLOYMENT AND TRAINING POLICY. I WILL TESTIFY TODAY ABOUT OIC AND SOME OF OUR ACCOMPLISHMENTS, SOME GENERAL COMMENTS ABOUT THE JOB TRAINING PARTNERSHIP ACT AND SOME SPECIFIC COMMENTS ABOUT THE AMENDMENTS WHICH ARE BEING PROPOSED BY SENATOR SIMON.

OIC WAS FOUNDED 25 YEARS AGO BY LEON SULLIVAN IN AN OLD JAIL HOUSE IN NORTH PHILADELPHIA. OUR MOTTO IS, "WE HELP OURSELVES" AND WE ARE PROUD OF THE FACT THAT OICS HAVE SERVED MORE THAN 1 MILLION PEOPLE NATIONWIDE. WE HAVE GOTTEN JOBS FOR PEOPLE WHO WERE UNEMPLOYED AND HAD LOST HOPE. WE HAVE HELPED ILLITERATES TO READ, WRITE AND COMPUTE. WE HAVE INCREASED JOB RELATED SKILLS AND IN THE PROCESS HAVE INCREASED THE PRODUCTIVITY OF THESE WORKERS AND THE EMPLOYERS FOR WHOM THEY WORK.

LAST YEAR, OICS OF AMERICA ASKED THE SUN COMPANY TO DO A STUDY OF THE IMPACT OF OICS TRAINING AND THEY REPORTED THE FOLLOWING:
- OIC HAS TRAINED ONE MILLION PEOPLE IN 25 YEARS.
- MOST OF THESE PEOPLE ARE WORKING TODAY.
- THE ESTIMATED EARNINGS OF THESE NEARLY ONE MILLION WORKERS IN 1988 WERE $20 BILLION.
- THEY PAID NEARLY 3 BILLION DOLLARS IN TAXES IN 1988.

OIC HAS MORE THAN RETURNED THE PUBLIC AND PRIVATE DOLLARS WHICH HAVE BEEN INVESTED IN PEOPLE THROUGH OIC. THE $3 BILLION IN TAXES PAID BY FORMER OIC ENROLLEES IN 1988 IS MORE THAN 75% OF THE JTPA BUDGET. OIC IS BUT ONE PART OF THE PARTNERSHIP OF BUSINESS, INDUSTRY, GOVERNMENT AND COMMUNITY BASED ORGANIZATIONS WHICH COMPRISE THE EMPLOYMENT AND TRAINING SYSTEM. WITH ADEQUATE RESOURCES, OIC COULD INCREASE ITS CAPACITY AND PREPARE MORE PEOPLE TO BE MORE PRODUCTIVE.

OIC WAS BORN DURING THE CIVIL RIGHTS ERA TO CORRECT INEQUITIES AND PREPARE PEOPLE TO PARTICIPATE FULLY AND EQUITABLY IN THE BENEFITS OF OUR GREAT AMERICAN ECONOMY. TODAY OIC IS SHIFTING GEARS AND ALTERING SYSTEMS TO HELP PEOPLE TO TAKE ADVANTAGE OF THE GROWING ECONOMY. OIC TRAINS PEOPLE TO BE PRODUCTIVE WORKERS WHICH IS ESSENTIAL FOR OUR ECONOMY TO BECOME MORE COMPETITIVE IN A WORLD ECONOMY. THOUGH DISCRIMINATION STILL EXISTS, TWO DECADES OF DILIGENCE AND THE INCREASED DEMAND FOR SKILLED WORKERS HAVE BROKEN DOWN MANY OF THESE ARTIFICIAL BARRIERS TO EMPLOYMENT.

OICS EXPERIENCES WITH THE JOB TRAINING PARTNERSHIP ACT ARE MIXED. IN 1981 THERE WERE 145 OICS FUNDED FOR MORE THAN $100 MILLION DOLLARS. IN 1988, THERE WERE 70 OICS WITH FUNDING OF LESS THAN $40 MILLION. THE 70 OICS ARE RUNNING GOOD PROGRAMS AND OFFERING OPPORTUNITY TO THOUSANDS OF PEOPLE. OICS ARE ALSO RECEIVING MORE FUNDS FROM OTHER GOVERNMENT SOURCES AND THE PRIVATE SECTOR. HOWEVER, THE REDUCTION IN FUNDING FOR EMPLOYMENT AND TRAINING AND THE EARLY JTPA TRACK RECORD OF SERVING FEWER HARD TO SERVE PERSONS CAUSED MANY OICS TO LOOK FOR OTHER SOURCES OF FUNDING.

GENERAL PRINCIPLES AND RECOMMENDATIONS

I WOULD LIKE TO MAKE SOME GENERAL RECOMMENDATIONS REGARDING FUTURE DIRECTIONS OF JTPA. THESE COME FROM MY EXPERIENCE WITH OICS, CONVERSATIONS WITH OTHER COMMUNITY BASED ORGANIZATIONS AND MY PARTICIPATION AS A MEMBER OF THE SECRETARY OF LABOR'S JTPA ADVISORY COMMITTEE.

1. JTPA SHOULD BE MORE TARGETED TO PEOPLE WITH MULTIPLE PROBLEMS.

   A. WE MUST FOCUS RESOURCES ON THE 27 MILLION ILLITERATES WHO CANNOT HOPE TO PARTICIPATE IN OUR EVER MORE COMPLEX LABOR MARKET.

   B. WE MUST EDUCATE AND TRAIN THE ALMOST ONE MILLION YOUTH WHO DROPOUT OF SCHOOL EACH YEAR.

   C. WE MUST HELP THE TEEN PARENT TO BE BOTH A MORE SKILLED PARENT AND A PRODUCTIVE WORKER.

D. THE MEMBERS OF TEENAGE GANGS WHICH ARE BECOMING MORE VIOLENT AND MORE INVOLVED IN ILLICIT DRUG MARKETING AND DISTRIBUTION MUST BE OFFERED ALTERNATIVES.

E. THE OLDER WORKER WHO HAS BEEN IDLED BY CHANGES IN THE ECONOMY OR TECHNOLOGY MUST BE RE-EDUCATED AND RE-TRAINED. (THE WORKER ADJUSTMENT PROGRAM [EDWAA] SHOULD SERVE MOST OF THIS POPULATION.)

F. WE MUST WORK WITH LONG TERM WELFARE RECIPIENTS, IF WE ARE TO REDUCE DEPENDENCE. (THE JOBS PROGRAM OF THE FAMILY SECURITY ACT AND JOBS FOR DEPENDENT INDIVIDUALS (JEDI) SHOULD SERVE MANY OF THESE INDIVIDUALS.)

G. FINALLY, WE ARE AT RISK OF CREATING A PERMANENT UNDERCLASS WHICH IS UNACCEPTABLE TO ME AND CAN PUT OUR DEMOCRACY AND ECONOMY AT RISK.

TARGETING SCARCE RESOURCES TO THOSE MOST IN NEED IS DIFFICULT. IT MEANS THAT WE MUST DENY JTPA SERVICES TO PEOPLE WITH LESS SEVERE PROBLEMS. WHEN AUTHORIZED FUNDS CAN ONLY SERVE 7% OF THE ELIGIBLE POPULATION, CHOICES MUST BE MADE AND I URGE YOU TO SUPPORT INVESTMENT TO THOSE WHO ARE MOST IN NEED. I KNOW FROM EXPERIENCE THAT MOST OF THE HARDEST TO SERVE HAVE LOST HOPE AND WILL BE EXCLUDED UNLESS WE REACH OUT TO THEM.

2. JTPA SHOULD ALLOCATE FUNDS TO COMMUNITIES WHICH ARE MOST IN NEED. FORTUNATELY, MANY PARTS OF OUR COUNTRY ARE SPARED MANY OF THESE PROBLEMS. OUR MAJOR URBAN CENTERS HAVE THE HEAVIEST CONCENTRATIONS OF LONG TERM UNEMPLOYED AND RURAL AREAS WITH STAGNANT ECONOMIES SHARE THE SAME PROBLEMS. SOME WAY MUST BE FOUND TO TARGET MORE RESOURCES TO THESE AREAS. IF MORE FUNDS ARE TO GO TO AREAS WITH GREATEST NEED, WE ARE GOING TO HAVE TO INCREASE OUTLAYS OR REDUCE FUNDING TO OTHER AREAS. PLEASE CONSIDER HOLDING THE EXISTING ALLOCATIONS HARMLESS AND ALLOCATING SIGNIFICANT ADDITIONAL RESOURCES TO THOSE AREAS WHERE THE NEED IS GREATEST.

AMONG THE FACTORS USED IN ALLOCATING JTPA DOLLARS, THE NUMBER OF ECONOMICALLY DISADVANTAGED IN AN AREA WILL TARGET FUNDS TO THOSE MOST IN NEED. IF THIS IS TRUE FOR THE ADULT POPULATION, IT IS CRITICAL FOR YOUTH BECAUSE THE YOUNG PEOPLE MOST IN NEED HAVE LITTLE OR NO ATTACHMENT TO THE LABOR FORCE. THEREFOR UNEMPLOYMENT FIGURES IGNORE THEIR EXISTENCE.

3. WE MUST IMPROVE OUR SYSTEMS OF ACCOUNTABILITY TO ASSURE THAT THOSE MOST IN NEED ARE RECEIVING SERVICES WHICH THEY NEED TO BECOME PRODUCTIVE AND SELF-SUFFICIENT. LET'S LEARN FROM OUR RECENT HISTORY AND PRECLUDE THE JTPA SYSTEM FROM USING ACCOUNTABILITY AS AN EXCUSE FROM SERVING THOSE FOR WHOM SUCCESS IS PROBABLE.

4. THE PARTNERSHIPS WHICH HAVE BEEN DEVELOPED UNDER THE JTPA ARE A SIGNIFICANT ACCOMPLISHMENT. LET'S BUILD ON THESE NEW CONSTRUCTIVE RELATIONSHIPS BETWEEN BUSINESS AND GOVERNMENT TO ASSURE THAT TRAINING IS GEARED TO REAL JOBS AND THAT THE EMPLOYERS ARE GETTING SKILLED WORKERS WHO WILL INCREASE PRODUCTIVITY. JTPA HAS TRULY INVOLVED OUR CORPORATE PARTNERS AND WE MUST SUSTAIN AND INCREASE THE LEVEL OF EMPLOYER INVOLVEMENT. LET'S FOCUS THE PARTNERS ON SERVING PEOPLE, IMPROVING DELIVERY SYSTEMS, CREATING NEW PROGRAMS AND IMPROVING OUR LIMITED RESOURCES. WE URGE THAT THE PARTNERS WORK WITH OIC, OTHER CBOS AND SERVICE DELIVERERS IN THE CLASSROOM AND AT THE PROGRAM SITES TO IMPROVE OUR SERVICES.

5. THE FEBRUARY 16, 1989 WASHINGTON POST CARRIED AN ARTICLE BY JOAN PADDOCK MAXWELL AND RICHARD W. SNOWDEN OF THE COMMUNITY FOUNDATION OF GREATER WASHINGTON, ENTITLED "SIEGE OF THE NONPROFITS." THE ARTICLE'S THESIS IS THAT AT A TIME WHEN NONPROFITS ARE LOOKED TO FOR HELP, THEIR WEAKENED STATE MAY LIMIT THEIR ABILITY TO RESPOND. OIC IS CERTAINLY WEAKER THAN IT WAS 10 YEARS AGO AND OUR PROBLEMS PARALLEL THOSE OF OTHER NONPROFITS.

A. THERE IS LESS GOVERNMENT SUPPORT FOR HUMAN SERVICES IN GENERAL AND EMPLOYMENT AND TRAINING IN PARTICULAR.

B. INCREASED SOCIAL PROBLEMS HEIGHTEN COMPETITION FOR SCARCE DOLLARS AND NECESSITATE AN INCREASED EFFORT BY OICS IN RAISING FUNDS AND WRITING PROPOSALS WHICH REDUCES RESOURCES AVAILABLE FOR JOB TRAINING EFFORTS.

C. FINALLY BOTH OUR VOLUNTEER AND PROFESSIONAL LEADERSHIP IS BEING ERODED BY SOCIAL AND ECONOMIC FORCES. OICS NEED DEDICATED VOLUNTEERS AND STAFF, BUT THE REWARDS ARE LESS THAN IN BOTH PRIVATE INDUSTRY AND GOVERNMENT AND MANY OF OUR MOST SKILLED PROFESSIONALS HAVE LEFT FOR JOBS WHICH MAKE IT EASIER TO MEET THE MORTGAGE AND PAY COLLEGE TUITION.

6. THE ROLE OF COMMUNITY BASED ORGANIZATIONS IS ALSO VITAL IN THE PLANNING AND DELIVERY OF EMPLOYMENT AND TRAINING SERVICES. WE MUST ALSO ASSURE THAT CRITICAL SERVICES OFFERED BY CBOS ARE MAINTAINED. NOW IS THE TIME TO INVEST IN BUILDING THE CAPACITY OF CBOS.

A. WE NEED TO CONTINUE TO TRAIN OUR BOARDS OF DIRECTORS AND OTHER VOLUNTEERS.

B. OUR STAFF NEEDS INCREASED SKILLS AND EXPOSURE TO THE BENEFITS OF HARNESSING THE POWER OF NEW TECHNOLOGY - WHETHER IT IS USING A COMPUTER TO MANAGE AN OIC OR COMPUTER ASSISTED INSTRUCTION, THIS INVESTMENT WILL PAY OFF FOR OUR TRAINEES.

C.INFORMATION IS VITAL TO IMPROVING PROGRAM CAPACITY AND OICS OF AMERICA AND ITS AFFILIATES NEED ADDITIONAL

RESOURCES TO TRAIN STAFF, TO PROVIDE THEM WITH LATEST TECHNIQUES OF TRAINING AND TO IMPROVE OUR SERVICES.

D. WE CAN'T TRAIN PEOPLE TO BE PRODUCTIVE WORKERS ON OBSOLETE MACHINES. OIC AND OTHER CBOS NEED FUNDS TO INVEST IN MODERN EQUIPMENT AND LEARNING TOOLS. 30 OICS HAVE LEARNING OPPORTUNITES CENTERS WITH SOPHISTICATED COPMPUTYER ASSISTED INSTRUCTION. THE SYSTEM IS TRIED AND TESTED. AN ADDITIONAL $50,000 PER OIC WOULD BRING THIS PROVEN SYSTEM TO EVERY OIC.

E. THE 15% CAP ON ADMINISTRATIVE COSTS UNDER JTPA HAS SQUEEZED ALL NON-PROFIT ORGANIZATIONS. WE DO NOT HAVE THE FUNDS TO SUPPORT THE ADMINISTRATTION OF JTPA GRANTS AND CONTRACTS AND MOST OF THE 15% GOES TO THE SERVICE DELIVERY AREA ADMINISTRATION AND PLANNING.

F. SERVICE TO AT RISK PERSONS REQUIRES A LARGER INVESTMENT OF TIME AND RESOURCES. CONTRACTS MUST ALLOW MORE FUNDING AND A HIGHER MARGIN OF ERROR FOR SERVING PEOPLE WITH MORE SERIOUS BARRIERS TO EMPLOYMENT. WE NEED A SYSTEM THAT CAN RESPOND TO DIFFERING LEVELS OF NEEDS WITH DIFFERING LEVELS OF INVESTMENT.

7. THE CURRENT JTPA SERVICE DELIVERY SYSTEM WITH SHORT TERM CONTRACTS, LITTLE SECURITY EVEN FOR PROGRAMS WITH A TRACK RECORD OF PERFORMANCE IS COUNTER PRODUCTIVE FOR OICS AND MOST SERVICE PROVIDERS. I REGRET THAT SOME OICS HAVE CHOSEN TO SEEK OTHER FUNDING OPTIONS AND AVOID THE JEOPARDY CAUSED BY THE ADMINISTRATION OF JTPA IN SOME AREAS. FEDERAL LEGISLATION LEAVES THE RELATIONSHIP WITH SERVICE PROVIDERS TO THE STATES AND SDAS AND TOO MANY UTILIZE SHORT TERM PERFORMANCE CONTRACTS WHICH PLACE AN OIC IN JEOPARDY FOR TAKING A RISK ON PEOPLE WHO ARE HARD TO SERVE. OUR STAFF HAS LITTLE JOB SECURITY. THERE MUST BE A SYSTEM TO SHARE RISK AND REWARD AGENCIES WHICH CHOOSE TO SERVE THOSE MOST IN NEED. THAT'S REAL ACCOUNTABILITY.

COMMENTS ON THE AMENDMENTS PROPOSED BY SENATOR SIMON

NOW, I HAVE A FEW SPECIFIC RECOMMENDATIONS ON THE JTPA AMENDMENTS INTRODUCED BY SENATOR SIMON.

1. THE DEFINITION OF COMMUNITY BASED ORGANIZATION HAS BEEN CHANGED AND THAT COULD CREATE A PROBLEM FOR OIC AND OTHER CBOS. THE LANGUAGE IN JTPA WHICH IDENTIFIES SPECIFIC ORGANIZATIONS LIKE OIC AS CBOS WAS WRITTEN TO ASSURE THAT WE RECEIVE DUE CONSIDERATION. I FEAR THAT ELIMINATION OF NAMES FROM THE DEFINITION WILL MEAN THAT WE ARE ONCE AGAIN IGNORED IN SOME AREAS. I WOULD WELCOME A TIGHTENING OF THE DEFINITION OF CBO, ESPECIALLY IF IT SPECIFIED THAT CBOS HAVE A BOARD OF DIRECTORS WITH A MAJORITY WHICH REPRESENTS THE NEIGHBORHOOD OR COMMUNITY THAT IT SERVES. THERE IS EVIDENCE THAT THE CBO DEFINITION NEEDS TO BE CHANGED. JUST LAST YEAR LAWYERS AT THE DEPARTMENT OF EDUCATION RULED THAT PRIVATE INDUSTRY COUNCILS COULD QUALIFY AS CBOS UNDER THE CARL

PERKINS ACT. PICS ARE VALUABLE INSTITUTIONS, BUT THEY ARE NOT CBOS.

2. THE PROVISION THAT PRIVATE INDUSTRY COUNCILS HAVE 17% MEMBERSHIP FROM CBOS AND UNIONS IS PROGRESS. HOWEVER, WE ARE EACH VITAL REPRESENTATIVES OF THE COMMUNITY WHICH ARE NOT INTERCHANGEABLE. BOTH NEED TO BE REPRESENTED. THE LEGISLATION NEEDS TO ASSURE THAT BOTH LABOR AND CBOS ARE EQUITABLY REPRESENTED ON PICS AND STATE JOB TRAINING COORDINATING COUNCILS. WE MUST ALSO ASSURE THAT CBOS WHICH HAVE DEMONSTRATED THEIR EFFECTIVENESS ARE GIVEN DUE CONSIDERATION.

3. I ENTHUSIASTICALLY SUPPORT YOUR AMENDMENT TO TARGET SERVICES TO AREAS OF GREATEST NEED BY CHANGING THE FUNDING FORMULA. THERE IS NO QUESTION THAT THE ECONOMICALLY DISADVANTAGED FACTOR WILL PUT MONEY IN AREAS OF GREATEST HARDSHIP. I WOULD SUPPORT 100% FOR THIS FACTOR. HAVING SAID THAT, I MUST RAISE A CONCERN THAT WE ARE NOW USING 1979 FIGURES AND WE WILL BE USING THEM UNTIL 1992 WHEN THE NEXT CENSUS IS COMPLETE. I URGE YOU TO APPROPRIATE FUNDS SO THAT DATA IS AVAILABLE AND RELIABLE TO ALLOCATE FUNDS TO AREAS OF NEED.

4. THE YOUTH FORMULA IS EVEN MORE DIFFICULT. UNEMPLOYED YOUTH STATISTICS ARE POOR INDICATORS BECAUSE YOUTH MOST IN NEED HAVE SPORADIC OR NO ATTACHMENT TO THE LABOR FORCE. AGAIN. ECONOMICALLY DISADVANTAGED IS THE FACTOR WHICH WILL TARGET FUNDS BEST. IT SEEMS TO ME THAT THE SECOND TIER OF YOUR ALLOCATION FORMULA, 50% ECONOMICALLY DISADVANTAGED AND 50% RELATIVE NUMBERS RESIDING IN AREAS WITH SUBSTANTIAL ECONOMICALLY DISADVANTAGED YOUTH WILL TARGET SERVICES BEST.

5. THERE IS AN ISSUE RELATED TO THE FORMULA. HOW DO WE ASSURE THAT FUNDS ARE USED TO NEIGHBORHOODS WITHIN AN SDA WITH HIGH CONCENTRATIONS OF POOR YOUTH OR ADULTS? MANY INNER CITY NEIGHBORHOODS HAVE ENOUGH PEOPLE TO QUALIFY AS AN SDA, BUT THEY ARE NOT POLITICAL JURISDICTIONS. FUNDS FOR RESIDENTS OF THOSE NEIGHBORHOODS GO TO THE SDA FOR THE TOTAL POLITICAL JURISDICTION AND OFTEN THE POOREST COMMUNITIES GET LESS THAN THEIR ENTITLEMENT.

6. I WOULD ALSO RECOMMEND THAT PRIORITY OF SERVICE BE GIVEN TO YOUTH WITH SPECIFIC DEFICIENCIES: DROPOUTS, ILLITERATES, YOUTH FUNCTIONING MORE THAN ONE LEVEL BELOW GRADE AND IN SCHOOL, TEEN PARENTS, AND YOUTH WHO ARE OUT OF SCHOOL AND HAVE NEVER BEEN IN THE LABOR FORCE.

7. THE FAIR CHANCE: YOUTH OPPORTUNITY CHALLENGE GRANT HAS MANY INNOVATIVE FEATURES WHICH SHOULD BE SUPPORTED. COOPERATIVE AGREEMENTS ARE ESSENTIAL. CASE MANAGEMENT, IF IT IS DEMAND DRIVEN AND RESPONSIVE TO THE NEEDS OF YOUTH AND EMPLOYERS, IS AN EFFECTIVE WAY TO DELIVER SERVICES. OUTREACH AND RECRUITMENT ARE VITAL TO TARGETING AND SERVING

YOUTH MOST IN NEED. MY ONLY CONCERN IS THAT WE MUST FIND A WAY TO ASSURE THAT CHALLENGE GRANTS GO TO COMMUNITIES WITH THE GREATEST CHALLENGE. WHAT HAPPENS IF A MAJOR CITY WITH MOST OF THE AT RISK YOUTH CAN'T MATCH THE FEDERAL FUNDS DUE TO A BUDGET DEFICIT? WHAT HAPPENS IF A POLITICAL DECISION PUTS THE FUNDS IN COMMUNITY WITH A MUCH SMALLER POPULATION OF HARD TO SERVE YOUTH? WE MUST FIND LANGUAGE TO FOCUS THE "CHALLENGE GRANT" PROGRAM ON AREAS WITH GREATEST NEED.

8. I HAVE RESERVATIONS ABOUT THE AMENDMENT TO INCREASE THE "WINDOW" FOR SERVING YOUTH WHO DO NOT MEET ELIGIBILIT7Y STANDARDS TO 15%. THE 10% WINDOW HAS NOT BEEN USED IN JTPA AND JTPA IS SERVING BUT A SMALL PERCENTAGE OF THOSE IN NEED. PLEASE LET'S NOT RELAX THE TARGETING PROVISIONS UNLESS THE FUNDING IS INCREASED SIGNIFICANTLY.

9. FINALLY, I SUPPORT ANY INCREASE IN FUNDING. WE JUST DON'T HAVE THE RESOURCES TO HELP PEOPLE IN NEED AND BECOME THE INSTITUTION WHICH WILL HELP PREPARE THE HUMAN RESOURCES THAT OUR ECONOMY NEEDS TO BECOME COMPETITIVE AND MORE PRODUCTIVE.

THANK YOU FOR THIS OPPORTUNITY TO SHARE OICS EXPERIENCE AND EXPERTISE. I THANK THE COMMITTEE FOR ITS LEADERSHIP AND PLEDGE OICS SUPPORT FOR ANY LEGISLATION WHICH WILL HELP US TRAIN THE POOR AND UNEMPLOYED FOR JOBS AND SELF-SUFFICIENCY.

Senator SIMON. Mr. Vazquez, we welcome you, particularly since you are from the State of Illinois, and let me just add because there is some uncertainty in Chicago these days about what is going to happen in the future, I want to personally express my appreciation for the leadership you have been giving in the City of Chicago.

Mr. VAZQUEZ. Thank you very much, Senator Simon.

I am here to testify replacing our chairman, Daryl Grisham, who was scheduled to be here today, but was called away on an emergency at the last minute. But he wanted me to express to you the Private Industry Councils' appreciation for your leadership in this area, in very complex issues, and making the changes in the JTPA system that would make a stronger and bolder commitment to resolving the problems of the Nation's disadvantaged.

So I really do thank you for the opportunity to be here and for your kind words.

Job training programs in Chicago face a condition of scarce resources and pervasive needs. This condition makes a compelling case to pursue the themes which you have introduced in amending the JTPA legislation.

Our comments on the most recent proposed amendments to JTPA flow from the local perspective on employment and training programs. This perspective emphasizes: (1) an orientation of the Private Industry Council toward expanding the Government-business partnership that is at the heart of JTPA; (2) the targeting of services to minorities, welfare recipients and other groups most in need; (3) a continuing concern about funding levels for job training programs in urban areas that have been hardhit by recessions of the 1970s and early 1980s and which are the home to large and concentrated numbers of the Nation's poor and unemployed, and (4) the need for an administrative structure embodied in the legislation that facilitates local program management efforts.

First of all, in addressing the themes in the amendments that you are introducing, expanding the PIC partnership is a very positive direction. Partnership has been an essential element in Chicago since the initiation of JTPA.

Operationally, the challenge is how to implement a process for wider participation of labor and its representatives, but does not weaken the gains that have been achieved in many localities through predominant private sector participation. While the specifics might be problematic in some areas, I am supportive of the effort to bring others into the job training partnership.

Secondly, an uncompromised focus on the disadvantaged and hard-to-serve should be preserved and reemphasized. Unfortunately, I think some provisions of the proposed amendments compromise focus—namely, the increase in the proportion of nondisadvantaged that can be served from 10 percent to 15 percent, and the creation of a nonperformance-based segment of the program reserved for the hard-to-serve. I do not support either of these provisions. These groups should be the focus of our efforts. Exceptions and reserves detract from our primary purpose.

The third theme is closely-related, and it is that clarity in performance measurement is paramount. It is essential to be able to document success program-wide and retain accountability for all results. The proposal for nonperformance-based program options and for a special set of standards for the hard-to-serve, as well as a separate set of standards for in-school and out-of-school youth, moves away from this orientation. The measurement system is already overly complex and further delineation will make it even more complex and more of a problem for SDAs to really deal with.

There are legitimate concerns that performance standards inhibit services to the hard-to-serve and most in need. If standards are too high in one direction, then we should relax them. In my written testimony, I point out that the State of Illinois, Department of Commerce and Community Affairs, has taken some very creative approaches in this regard by relaxing the standards related to costs, raising the threshold for costs, taking that out of the reward system, and allowing the SDAs, then, to be able to address on a longer-term basis, a more costly basis, the needs of the disadvantaged.

So if SDAs are maximizing results at the expense of the hard-to-serve in order to obtain incentive bonuses, then we should change the reward system, as we have done in Illinois, or else eliminate it altogether. The threat of sanctions is in itself a powerful incentive. And we are saying this as an SDA that has consistently exceeded performance standards and received substantial bonuses; but we think it is really important to change the nature of the performance standards to allow us to begin meeting the needs of the disadvantaged.

The fourth theme I would like to stress is that the allocation formula should provide equal focus on unemployment and economic hardship, the twin concerns of JTPA. Clearly, the formula provisions incorporated into the proposed amendments are moving in this direction.

However, there are three formula-related items I would like to mention. One, the formula could be strengthened by a provision requiring the use of population surveys 'annual average unemployment statistics for those local areas where they are available.

Second, the mechanics of the 50 percent amount allocated on the basis of the economically disadvantaged youth rate for within-state Title II–B formula is unclear, and we would like to make some suggestions as to how we can clarify that a little bit in the future.

Third, the number of States qualifying for a share of funds under the definition of "substantial number" appears restrictive.

The fifth and final theme I would like to promote is that the amendments should maintain a straight-forward, SDA-centered delivery structure. I realize that our approach on this is probably colored by the fact that the City of Chicago is an SDA, unlike most other SDAs in the country. I am concerned about how this particular theme is carried out in the Challenge Grant provisions. We would like to see the administrative mechanisms for the Challenge Grant implemented within the structure of the SDA so that we do not establish a separate delivery structure, but it gets incorporated in the national objectives that are represented by the SDA structure.

That is the sum of my comments. I want to thank you again for providing the opportunity for us to share our concerns with you on this area of vital interest.

Thank you.

[The prepared statement of Mr. Grisham, represented by Mr. Vazquez, follows:

TESTIMONY OF DARYL GRISHAM
CHAIRMAN, PRIVATE INDUSTRY COUNCIL OF CHICAGO

TO THE

SUB-COMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
UNITED STATES SENATE

MARCH 9, 1989

JOB TRAINING IS AN AREA OF VITAL INTEREST FOR THE CITY OF CHICAGO. OVER THE LAST SEVERAL MONTHS THE CITY HAS TESTIFIED OR SUBMITTED TESTIMONY TO THE SUB-COMMITTEE ON EMPLOYMENT AND PRODUCTIVITY REGARDING JTPA ON THREE SEPARATE OCCASSIONS. CHICAGO REMAINS COMMITTED TO ACTIVE PARTICIPATION IN THE PUBLIC DEBATE ON JOB TRAINING PROGRAMS.

COMMENTS ON THE MOST RECENT PROPOSED AMENDMENTS TO JTPA FLOW FROM THE LOCAL PERSPECTIVE ON EMPLOYMENT AND TRAINING PROGRAMS. THIS PERSPECTIVE EMPHASIZES:

1. AN ORIENTATION OF THE PRIVATE INDUSTRY COUNCIL TOWARD EXPANDING THE GOVERNMENT-BUSINESS PARTNERSHIP THAT IS AT THE HEART OF JTPA.

2. TARGETING SERVICES TO MINORITIES, WELFARE RECIPIENTS, AND OTHER GROUPS MOST IN NEED.

3. A CONTINUING CONCERN ABOUT FUNDING LEVELS FOR JOB TRAINING PROGRAMS IN URBAN AREAS THAT HAVE BEEN HARD HIT BY RECESSIONS OF THE 1970'S AND EARLY 1980'S AND WHICH ARE THE HOME TO LARGE AND CONCENTRATED NUMBERS OF THE NATION'S POOR AND UNEMPLOYED.

4. THE NEED FOR AN ADMINISTRATIVE STRUCTURE EMBODIED IN THE LEGISLATION THAT FACILITATES LOCAL PROGRAM MANAGEMENT EFFORTS.

AS THE FOLLOWING BRIEF SUMMARY DEMONSTRATES, THIS PERSPECTIVE IS REALIZED IN ONGOING PROGRAM EFFORTS.

THE CITY OF CHICAGO IS THE LARGEST SERVICE DELIVERY AREA IN ILLINOIS AND ONE OF THE LARGEST IN THE JTPA SYSTEM. WE HAVE ADOPTED A DE-CENTRALIZED METHOD OF OPERATION IN ORDER TO DRAW ON THE STRENGTHS OF A SERVICE PROVIDER NETWORK OF TRAINING INSTITUTIONS AND COMMUNITY BASED ORGANIZATIONS. IN CONCERT WITH THE PRIVATE INDUSTRY COUNCIL WE HAVE EXPANDED THE PARTNERSHIP BETWEEN BUSINESS AND GOVERNMENT THAT IS PIVOTAL TO JTPA PROGRAMS TO INCLUDE THE RICH ETHNIC AND RACIAL DIVERSITY OF CHICAGO'S NEIGHBORHOODS AS WELL AS A BROAD SPECTRUM OF PUBLIC INTERESTS.

THE CITY'S COMMITMENT TO SERVING MINORITIES AND WELFARE RECIPIENTS IS UNSURPASSED IN ILLINOIS. SINCE THE INCEPTION OF JTPA OVER 90% OF PROGRAM PARTICIPANTS HAVE BEEN MINORITIES; MORE THAN HALF OF ALL PARTICIPANTS HAVE BEEN WELFARE RECIPIENTS.

OUR EFFORTS HAVE BEEN SUCCESSFUL. WE HAVE CONSISTENTLY EXCEEDED PERFORMANCE STANDARDS. IN THE LAST YEAR OVER 11,500 PERSONS WERE PLACED IN JOBS; ADULTS RECEIVED WAGES AVERAGING $5.37 PER HOUR.

HOWEVER, THE LIMIT ON RESOURCES POSES A SERIOUS CONSTRAINT. THE CITY ABSORBED A 10% REDUCTION IN FUNDS FOR YEAR ROUND ACTIVITIES BEGINNING LAST JULY. DECREASES IN SUMMER JOBS MONEY HAVE BEEN RELENTLESS. IN THE FACE OF REDUCTIONS WE ARE MAKING EVERY EFFORT TO UTILIZE AVAILABLE DOLLARS AND MANAGE MONEY TIGHTLY. LAST YEAR 99% OF THE YEAR ROUND PROGRAM BUDGET WAS EXPENDED.

THE CONDITION OF SCARCE RESOURCES AND PERVASIVE NEEDS MAKE A COMPELLING CASE TO PURSUE THE FOLLOWING FIVE THEMES IN AMENDING JTPA LEGISLATION.

FIRST OF ALL, EXPANDING THE PIC PARTNERSHIP IS A POSITIVE DIRECTION. PARTNERSHIP HAS BEEN AN ESSENTIAL ELEMENT IN CHICAGO SINCE THE INITIATION OF JTPA. OPERATIONALLY, THE CHALLENGE IS HOW TO IMPLEMENT A PROCESS FOR WIDER PARTICIPATION OF LABOR AND ITS REPRESENTATIVES THAT DOES NOT WEAKEN THE GAINS THAT HAVE BEEN ACHIEVED IN MANY LOCALITIES THROUGH PREDOMINANT PRIVATE SECTOR PARTICIPATION. WHILE THE SPECIFICS MIGHT BE PROBLEMATIC IN SOME AREAS, THE EFFORT TO BRING OTHERS INTO THE JOB TRAINING PARTNERSHIP IS WORTHY OF SUPPORT.

SECONDLY, AN UNCOMPROMISED FOCUS ON THE DISADVANTAGED AND HARD TO SERVE SHOULD BE PRESERVED AND RE-EMPHASIZED. UNFORTUNATELY, SOME PROVISIONS OF THE PROPOSED AMENDMENTS COMPROMISE THIS FOCUS, NAMELY, THE INCREASE IN THE PROPORTION OF NON-DISADVANTAGED THAT CAN BE SERVED FROM 10% TO 15% AND THE CREATION OF A NON-PERFORMANCE BASED SEGMENT OF THE PROGRAM

RESERVED FOR THE HARD TO SERVE. THESE GROUPS SHOULD BE THE FOCUS OF OUR EFFORTS. EXCEPTIONS AND SET-ASIDES DETRACT FROM OUR PRIMARY PURPOSE.

THE THIRD THEME IS CLOSELY RELATED AND IT IS THAT CLARITY IN PERFORMANCE MEASUREMENT IS PARAMOUNT. IT IS ESSENTIAL TO BE ABLE TO DOCUMENT SUCCESS PROGRAM WIDE AND TO RETAIN ACCOUNTABILITY FOR ALL RESULTS. THE PROPOSAL FOR NON-PERFORMANCE BASED PROGRAM OPTIONS AND FOR A SPECIAL SET OF STANDARDS FOR THE HARD TO SERVE VERSUS ALL OTHERS AS WELL AS A SEPARATE SET OF STANDARDS FOR IN-SCHOOL AND OUT-OF-SCHOOL YOUTH MOVES AWAY FROM THIS ORIENTATION. JTPA ALREADY HAS STANDARDS FOR ADULTS, ADULT WELFARE RECIPIENTS, AND YOUTH. THE NUMBER OF STANDARDS HAS INCREASED FROM SEVEN TO TWELVE THIS YEAR. MEASURES ARE TAKEN BOTH AT TERMINATION AND AT 13 WEEK FOLLOW-UP. IN ILLINOIS, A NEW SYSTEM OF STATE BASED ADJUSTMENT MODELS HAS JUST BEEN IMPLEMENTED. THE MEASUREMENT SYSTEM IS ALREADY OVERLY COMPLEX. FURTHER DELINEATION WILL MAKE IT POSITIVELY BYZANTINE.

FURTHERMORE THE AMENDMENTS PROPOSE THAT THE BASIC MEASURE OF PERFORMANCE FOR ADULT TRAINING PROGRAMS IS THE ACQUISITION OF BASIC EDUCATIONAL COMPETENCY. THIS REPRESENTS A PROFOUND RE-DIRECTION OF THE ADULT PROGRAM. SDA'S MIGHT NOT BE THE MOST APPROPRIATE CENTRAL ACTOR IN SUCH AN ARRANGEMENT. SOMETHING IMPORTANT AND SPECIAL ABOUT JTPA, AND INDEED ABOUT JOB TRAINING PROGRAMS STRETCHING BACK TO MDTA, MIGHT BE LOST IN SUCH A REDIRECTION. CURRENTLY, NON-EMPLOYMENT ADULT OUTCOMES RECEIVE NO POSITIVE RECOGNITION. THERE OUGHT TO BE A MIDDLE GROUND THAT RECOGNIZES EMPLOYABILITY GAINS FOR ADULTS (SUCH AS BASIC SKILLS ACHIEVEMENTS) BUT DOES NOT GO SO FAR AS TO RE-ORIENT THE BASIC DIRECTION OF JTPA WHICH IS UNSUBSIDIZED EMPLOYMENT.

FINALLY, THE PROPOSED AMENDMENTS APPEAR TO DOWNPLAY THE IMPORTANCE OF COST EFFICIENCY MEASURES SUCH AS ADULT COST PER ENTERED EMPLOYMENT AND YOUTH COST PER POSITIVE TERMINATION. COST EFFICIENCY IS AN IMPORTANT ELEMENT OF BUSINESS SUCCESS, AND IT HAS AN IMPORTANT ROLE IN THE PUBLIC SECTOR AS WELL. THERE ARE CONTINUING CONCERNS THAT THE FOCUS ON UNIT COSTS IN JTPA HAS DRIVEN SDA'S TOWARD THE LOWEST COST/LOWEST INVESTMENT PROGRAM OPTIONS. RATHER THAN ELIMINATING COST CONTROLS IN REACTION TO THIS CONCERN, IT MAKES MORE SENSE TO RELIEVE COST PRESSURES AND ELIMINATE THE INCENTIVE FOR OFFERING LOW COST PROGRAM OPTIONS. IN ILLINOIS, THE DEPARTMENT OF COMMERCE AND COMMUNITY AFFAIRS (DCCA) IN CONJUNCTION WITH A TASK FORCE OF SDA REPRESENTATIVES HAS MOVED CREATIVELY IN THIS DIRECTION. IN IMPLEMENTING STATE BASED PERFORMANCE STANDARDS MODELS THIS YEAR DCCA RAISED ACCEPTABLE UNIT COST LEVELS TO RELIEVE THE PRESSURE FELT BY SOME SDA'S. THEY ALSO DECIDED TO RETAIN COST STANDARDS AS SANCTIONABLE BUT CEASED TO UTILIZE THEM AS REWARDED MEASURES FOR INCENTIVE BONUS PURPOSES. NOW, THERE IS NO INCENTIVE TO DRIVE DOWN COSTS IN ILLINOIS, BUT THERE IS A CONCERN FOR CONTROLLING COST CEILINGS.

THERE ARE LEGITIMATE CONCERNS THAT PERFORMANCE STANDARDS INHIBIT SERVICES TO THE HARD TO SERVE AND MOST IN NEED. IF STANDARDS ARE TOO HIGH, THEN WE SHOULD RELAX THEM. IF SDA'S ARE MAXIMIZING RESULTS AT THE EXPENSE OF THE HARD TO SERVE IN ORDER TO OBTAIN INCENTIVE BONUSES, THEN WE SHOULD

CHANGE THE REWARD SYSTEM OR ELSE ELIMINATE IT ALTOGETHER. THE THREAT OF SANCTIONS IS IN ITSELF A POWERFUL INCENTIVE.

THE FOURTH THEME IS THAT THE ALLOCATION FORMULA SHOULD PROVIDE EQUAL FOCUS ON UNEMPLOYMENT AND ECONOMIC HARDSHIP, THE TWIN CONCERNS OF JTPA. THE FUNDING FORMULA SHOULD ALSO TAKE INTO ACCOUNT THE CONNECTION BETWEEN LOCAL FUNDING AND STATE FUNDING. THESE TWO ELEMENTS HAVE BEEN INCORPORATED SUCCESSFULLY INTO THE FRAMEWORK OF THE PROPOSED AMENDMENTS. THE SUB-COMMITTEE IS TO BE COMPLIMENTED FOR ITS EFFORT TO DEVISE AN EQUITABLE FORMULA THAT SIMULTANEOUSLY PROMOTES EFFECTIVE TARGETING AND MAINTAINS FUNDING STABILITY IN THE JTPA SYSTEM. THERE ARE AT LEAST THREE ADDITIONAL ITEMS THAT SHOULD BE ADDRESSED.

1. THE FORMULA COULD BE STRENGTHENED BY A PROVISION REQUIRING THE USE OF THE CURRENT POPULATION SURVEYS' ANNUAL AVERAGE UNEMPLOYMENT STATISTICS FOR THOSE LOCAL AREAS WHERE THEY ARE AVAILABLE. THIS SUGGESTION STEMS FROM THE CONCERN ABOUT A GROSS UNDERCOUNT OF JOBLESS PERSONS IN CHICAGO. THE FOLLOWING TABLE SHOWS THE DIFFERENCE BETWEEN THE COUNT OF UNEMPLOYED PERSONS AND THE UNEMPLOYMENT RATE IN THE OFFICIAL LABOR FORCE SERIES UTILIZED AS THE BASIS FOR JTPA ALLOCATIONS AND THE ANNUAL AVERAGE LABOR FORCE FIGURES AVAILABLE FROM THE CURRENT

POPULATION SURVEY PROVIDED BY THE U.S. BUREAU OF LABOR STATISTICS FOR SELECTED LARGE CITIES. OVER THE THREE YEAR PERIOD SHOWN IN THE TABLE, THE CURRENT POPULATION SURVEY COUNTED A JOBLESS TOTAL IN CHICAGO 37% LARGER THAN THE OFFICIAL SERIES AND AN UNEMPLOYMENT RATE ABOUT 3.9 PERCENTAGE POINTS HIGHER THAN THE OFFICIAL SERIES.

AVERAGE ANNUAL UNEMPLOYMENT IN CHICAGO

	OFFICIAL (FOR JTPA ALLOCATIONS)		CURRENT POPULATION SURVEY (BLS)	
	UNEMPLOYED	UNEMPLOYMENT RATE	UNEMPLOYED	UNEMPLOYMENT RATE
1985	145607	9.5%	203000	14.7%
1986	130380	9.3	180000	13.1
1987	117123	8.3	155000	11.0

2. THE MECHANICS OF THE 50% AMOUNT ALLOCATED ON THE BASIS OF THE ECONOMICALLY DISADVANTAGED YOUTH RATE FOR THE WITHIN-STATE TITLE II-B FORMULA ARE UNCLEAR.

3. THE NUMBER OF STATES QUALIFYING FOR A SHARE OF FUNDS UNDER THE DEFINITION OF "SUBSTANTIAL NUMBER" APPEARS RESTRICTIVE.

THE FIFTH AND FINAL THEME IS THAT THE AMENDMENTS SHOULD MAINTAIN A STRAIGHT-FORWARD, SDA-CENTERED DELIVERY STRUCTURE. THIS THEME IS NOT CARRIED OUT IN THE CHALLENGE GRANT PROVISIONS. WITH THE CURRENT STRAIN ON RESOURCES IT IS IMPORTANT NOT TO DISSIPATE JTPA DOLLARS BY FUNDING A PARALLEL DELIVERY STRUCTURE. THE ADMINISTRATIVE MECHANISMS FOR THE CHALLENGE GRANT SHOULD BE INCORPORATED WITHIN THE STRUCTURE OF SDA'S AND ITS OBJECTIVES INCORPORATED INTO SDA'S TWO YEAR PLANS.

Senator SIMON. Thank you, Mr. Vazquez.

On point two of the final five points you were making, if you could provide us the details of the language you would like to see, we will weigh that at that point; OK?

Mr. VAZQUEZ. Fine. I will do that.

Senator SIMON. Great.

Let me ask both of you, you heard the Mayor of Louisville indicate that there was a time lag problem in receiving funds from State Government. Do either of you have that problem?

Mr. VAZQUEZ. We do not in the City of Chicago. I think the State of Illinois has had a very timely approach to meeting its deadlines within the Act.

Senator SIMON. Mr. Jolly?

Mr. JOLLY. As you know, with us, Mr. Senator, we depend on the Private Industry Council, so if the Private Industry Council suffers, our subcontracts obviously suffer the same way. So if in Louisville, they are suffering the pains of getting the money, then obviously the OIC would suffer, because we subcontract through them. There has been some evidence of some difficulties in some States; whether it is political or whether it is unreal administrative concern or whatever, there have been some delays, particularly where strong mayors may disagree with strong governors, and you get those kinds of relationships. So we would suffer as a result of the subcontract that we would get out of the Private Industry Council, and there is some evidence of that.

Senator SIMON. Yes, Mr. Vazquez?

Mr. VAZQUEZ. Senator, regarding Mayor Abramson's comments, I think we do support the local-Federal partnership for reasons other than the question of the timeliness of the funding, having to do, of course, with the direct relationship to meeting the Nation's disadvantaged population needs. I think that that local-Federal partnership has proven itself in the past.

The current provisions of working through the States does prejudice us, largely because of the pass-through provisions that are worked out at the State level, the lack of data related to State allocations in relationship to the larger city needs, so that removing that State level of funding, I think, would allow us to have a much more direct relationship to the Federal Government's priorities.

Senator SIMON. I thank you.

Let me just mention, not too long ago the Superintendent of Schools of Philadelphia was here, talking about illiteracy and so forth. She talked about how an intensified preschool education program was helping people in Philadelphia. They tested the program over time, and it was having a remarkable effect on the dropout rate, teenage pregnancy rate, and the crime rate. I asked her, "What percentage of the young people are you reaching who need this?" and she said about 20 percent—and that means 80 percent are falling through the cracks in our society. So we are not reaching the people we should. Unfortunately, that is true for too many people in our society, and you are on the cutting edge of reaching out there.

Let me just commend you, Mr. Jolly, for using a term that I also use that a lot of people do not want to use, and that is "underclass." I think it is real.

Mr. Jolly. Yes, it is.

Senator Simon. Let's not pretend we do not have an underclass. It does not mean it is a permanent underclass, but unless we do something about it, as you two are, it will be a permanent underclass.

Let me just add, we welcome any other specific suggestions you have as we move along. We will be marking a bill up sometime after we receive the recommendations from the Department of Labor.

We thank you for being here and for your testimony.

Mr. Jolly. Thank you.

Mr. Vazquez. Thank you, Senator.

Senator Simon. Our hearing stands adjourned.

[Whereupon, at 3:35 p.m., the subcommittee was adjourned.]

JOB TRAINING PARTNERSHIP ACT YOUTH EMPLOYMENT AMENDMENTS OF 1989

THURSDAY, MARCH 16, 1989

U.S. Senate,
Subcommittee on Employment and Productivity,
Committee on Labor and Human Resources,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:07 a.m., in room SD-562, Dirksen Senate Office Building, Senator Paul Simon (chairman of the subcommittee) presiding.

Present: Senators Simon and Adams.

OPENING STATEMENT OF SENATOR SIMON

Senator Simon. The subcommittee will come to order.

This is the second in three hearings on JTPA amendments. My concern, frankly, is that to a great extent we are creaming in the JTPA program. We are so eager for success, and we all want success, that we are reaching those where we are going to get some good, successful figures very quickly.

When you compare JTPA and CETA, for example, it is very clear that CETA reached more of those who were not high school graduates; those who were the hard to employ. And it is, let me just add, part of an overall concern I have that we are increasingly segregating our society on the basis of economics, and the poor more and more no longer live on our doorsteps and we are not reaching out, giving people an opportunity that we should.

Due to scheduling conflicts Senator Thurmond could not be here, his statement follows.

STATEMENT OF SENATOR STROM THURMOND

Senator Thurmond. I commend you for holding this second, in a series of three hearings on the Job Training Partnership Act (JTPA). The information that this Subcommittee is obtaining through these hearings is most enlightening.

Today, it is a pleasure for me to recognize one of our witnesses, Mr. Bill Shinn, who is from my State of South Carolina. Mr. Shinn is the Personnel and Employment Relations Manager of the Louis Rich Company, in Newberry, South Carolina. He will present testimony later this morning on behalf of the National Rehabilitation Association. Mr. Shinn is a fine man, who has gained valuable insight into the benefits of hiring individuals with disabilities. He has seen the contributions that disabled persons can make to the workplace, once they have received the proper training. The Louis

Rich Company operates a poultry processing plant in South Carolina, which employs over 1,000 employees, many of whom were hired under the Job Training Partnership Act.

Mr. Chairman, this South Carolina industry is convinced that the JTPA is an essential component of the effort on the part of the public and private sectors to mainstream our disadvantaged and disabled citizens into America's workforce. I agree. The JTPA has proven itself to be one of the major initiatives impacting the employment demands that are facing our Nation, and it has served as a flexible vehicle for meeting changing market requirements.

The Department of Labor has conducted an extensive review of the Job Training Partnership Act through its JTPA Advisory Committee. I have been informed that the advisory committee released its report yesterday. I am looking forward to reviewing the findings of the advisory committee and considering them along with the measure, S. 543, that has been introduced by the Chairman of our Subcommittee.

Unfortunately, my schedule will not permit me to stay for the entire hearing. However, I will submit questions to our witnesses, which I believe will be helpful to the members of our Subcommittee as we evaluate the JTPA and seek to refine it, so that it will be even more successful in its mission of enhancing the employability of the disadvantaged youth and adults of our Country.

Mr. Chairman, I appreciate your cooperation and courtesy in our efforts to revise the JTPA. You are to be commended for your dedication to this task, and I appreciate having the benefit of the expertise that you have developed in this area. I am confident that, under your able leadership on this issue, our Subcommittee will craft revisions that will increase the effectiveness of the JTPA. I am looking forward to reviewing the testimony that is presented today and would like to welcome our witnesses to this hearing.

Senator SIMON. Our first witness is one of the most articulate people in the United States, well worth waiting eight minutes for here, Marian Edelman. She is the President of the Children's Defense Fund. She has been a powerful voice for a more rational, a more compassionate policy in this nation.

Part of this bill, the challenge grant proposal, is a product of Marian Wright Edelman. We are very pleased to have her here as our first witness.

Then I may say to the other witnesses, we are facing a bit of a problem with Larry Eagleburger, the nominee for Deputy Secretary of State. I am on the Foreign Relations Committee and will have to recess the hearing for a few minutes while I run to the Foreign Relations Committee. I hope it will be for only a few minutes, until we get some things worked out down there. Then I will be right back.

We are very pleased to have you here, Ms. Edelman.

STATEMENT OF MARIAN WRIGHT EDELMAN, PRESIDENT, CHILDREN'S DEFENSE FUND

Ms. EDELMAN. I am very pleased to be here, Mr. Chairman, and my deep apologies for being late. I know how busy the Senator is.

Senator SIMON. You have had to wait for Senators so often that it is only appropriate that we occasionally have to wait for others.

Ms. EDELMAN. Well, I also just appreciate the Chairman's strong leadership on behalf of disadvantaged young people. You have been a strong and persistent voice, eloquent voice, and I am just deeply grateful.

Everywhere I go, like I am sure everywhere you go, those who work with young people are puzzled by our country's willingness to throw away the futures of our young people, to ignore their potential contributions to the community, and to pay the large and mounting costs of neglect.

They ask what will be done to rescue our young men, who increasingly cannot earn enough money to marry or support even a small family. They know that JTPA, as currently structured, is not effective and not enough. So I welcome very much your efforts to take the needed steps to strengthen this program's effectiveness on behalf of the disadvantaged young.

The problems facing young people who don't go to college will neither go away nor disappear through economic growth alone. Between 1973 and 1987, the average earnings of young men in their 20s dropped by 18 percent, and the proportion of young men who did not work at all during an entire year nearly doubled.

During the same period, the marriage rates for young men fell by half, and the poverty rate for young families nearly doubled. And as you know, we are spending a lot of time on trying to prevent teenage pregnancy. The fact is now that 61 percent of all black babies are being born to never married, single women, and that gets back directly, though, to the inability of young men to have decent skills and to get decent jobs and to support families. So the basis for family formation is economic self-sufficiency.

Almost 30 percent of all young families with children lived in poverty in 1987. We must act now with urgency to save our young men and women. While JTPA by itself is not the whole answer, right now it is contributing far too little to the solution.

JTPA typically avoids, as you have already pointed out, Mr. Chairman, those young people most in need of help. It focuses so heavily upon quick job placement and short-term results that it ignores more intensive and lasting investments in our youth.

I applaud your proposal to target more funds to low-income communities, giving communities greater flexibility to mount experimental programs for hard-to-serve populations, revising performance standards to stress basic skills and longer-term gains in employability. These modest steps will help JTPA fulfill its original mission of opening doors for economically disadvantaged young people.

There are two additional steps that you have incorporated in your proposals which we want to support very strongly this year. First is the creation of a strong replication mechanism to use the knowledge we already have about successful programs for young people and, second, the establishment of the Fair Chance Program to reach out to those youths not currently served by JTPA, and test our ability to create a seamless web of services which meet their needs because most disadvantaged young people have multiple needs which will not respond to single interventions.

A focused replication effort within JTPA is long overdue. No business or corporation could survive without some way of field testing its products or services, incorporating the lessons learned, and franchising the results throughout the firm. We need a similar mechanism in our social programs to improve the quality of our efforts for young people, including JTPA.

There is nothing mysterious or even expensive about this. With very limited funds, we can support high-quality technical assistance and incentive grants for communities that adopt effective models and approaches.

But the pay-off is potentially quite large, measured in greater returns on $1.4 billion spent in JTPA funds spent for youth.

Finally, I am very grateful for your interest in the grant commission's Fair Chance proposal on which we have worked extensively during the past year. If we are to avoid losing an entire generation of young people, we need a strong new message of hope and opportunity, and we need to get every State involved in the challenge of integrated existing efforts into a comprehensive set of services for youth with multiple needs.

The Fair Chance Program would provide the catalyst for this crucial next step. It is not just another categorical program which would add to the duplication and bureaucratic morass.

Fair Chance would give communities a powerful incentive to come to the table and seek to coordinate their fragmented resources. Its funds would not be used to set up a new or competing system which circumvents JTPA. Rather, they would fill the gaps and build the essential bridges between JTPA and other programs serving at-risk youth.

We all know there is a crisis out there. We are paying for it, and for our neglect with the unraveling of our young families, with the loss of our young men to a vicious cycle of drugs, crime, and violence, and the constant drain on public funds for prison and welfare costs.

It is time to begin a new era, to invest in our young people, and to put an end to this tragic loss of life and hope among the next generations of America.

I thank you for this opportunity to testify and I thank you for your leadership, and I am looking forward to working with you to see that these proposals become reality in this Congress.

Senator **Simon**. I thank you. Your full statement will be entered in the record, and the full statements of the succeeding witnesses will be entered in the record.

One of the things you say—and this is moving away temporarily from the JTPA program, is that JTPA by itself is not the whole answer, but right now it is contributing too little to the solution.

This legislation, tinkers at the edges with the problem rather than assaulting the problem. We are doing very little, dreaming about really reaching out.

If suddenly President Bush were to say to Marian Wright Edelman—and I wish he were to do this, what can really be done to help the underclass in our society. You can do five things. How would you respond to President Bush.

Ms. **Edelman**. The first thing you have got to do is prevent as many people who are not now in an underclass from becoming members of that underclass. Most of the poor are not in an underclass, and that is why we have got to put into place preventive investment policies.

We have laid out in this year's "Vision" a bill of hope that says let us set goals by 1992 to invest fully in those successful, cost effective, preventive programs—pre-natal care, immunizations, preventive health care for mothers and children at up to 200 percent of the poverty level, full Head Start for everybody, Title I education—so that young people and a good early childhood foundation and a child care system like ABC supplements, not as a substitute for, adequate income supports to working families so that children get that good early start. We know what works. We know how to provide decent preventive investment programs. So that is the first step, is to give the kids a good start.

Secondly, we have got to put into place a comprehensive service system. We have talked about seamless web here, but you can't do one thing and expect it to work. No parent would choose between education or child care, but we have got to talk about integrated remedial service delivery systems for young people who are already in their teen years and who need an extra push and extra help and remediation to get back into school or to get a job.

So you have got to have the kinds of things you are talking about here, but to deal with out-of-school youth so that, again, they see that there is some hope and there is some alternative.

Third, you have got to deal with kind of the basic wage issue and jobs issues. Again, if young people who stay in school get out there and find that there is not a job, and one in four of all black high school graduates in this country are unemployed, you know, they don't have an incentive to stay in school.

We have got to really deal with both jobs and the nature of those jobs, and make sure that those jobs pay a decent living wage. That makes us support the minimum very strongly.

Fourth, we have got to deal with housing. I mean, we have got to stop the absolute assault on low and moderate-income housing, and that is something that is now becoming a middle-class problem.

We all used to cry when our kids left to go off to school or go to college. Now, we are crying because they are never going to go off and leave home because they can't afford to buy a house. And we really have got to deal with the problems of young families of all races and classes, and the housing issue is a piece of that.

But, fifth, and most important, we have got to create a climate of change, a new set of expectations and values for our young people. We have crazy, immoral national investment priorities and we are going to have to deal with the crisis of our youth and families like it is. There is a real crisis upon which this nation's very future depends.

You know, when we have got a savings and loan crisis, you all somehow find, or the President can find $60 billion. When you want to sort of add a new weapons system, that money somehow appears.

Yet, when you say you want to have 3, 4, 5, 10 billion, or 27 billion, which is what it would take to eliminate poverty in families with children, which is what our goal ought to be, somehow we can't afford it.

So we have got to change our notion of what is important, our notions of what is security, and eliminate child and family poverty in this country through jobs, income supports, and supportive services.

It is all laid out in our new "Vision" book and if you would just do that, we would solve all these problems. [Laughter.]

Senator SIMON. I knew I could get a good answer, and you did it without even taking a breath. [Laughter.]

It is very interesting to use the figure 27 billion because we have seen in the last few weeks the prime rate of interest go up one percent. A one-percent increase in the prime rate of interest costs the federal government $27 billion a year.

If we brought interest rates down two percent and used half of that to reduce the deficit and the other half to do what you are talking about. How much richer of a country we would be.

In your statement, you also say between 1973 and 1987, the average earnings of young men in their 20s dropped by 18 percent, and the proportion of young men who did not work at all during an entire year nearly doubled.

We have also seen the numbers of young black males going to college decreasing. What are we doing to our society when we permit all of this?

Ms. EDELMAN. We are moving backwards. We are creating a two-tier system, but we are building an alienation that I think is going to cost us all in the future. I think the message that this country is going to have to get is that its very capacity to compete economically and to remain a first-rate power depends not on weapons systems over in the Pentagon and not the savings and loan associations leading this country in the 21st century.

It depends on whether we invest in every child now in order to make them productive workers. We have a shrinking child population, a shrinking young workers population. More and more of them are minorities, and we are cutting off our noses when we are denying these young people a chance to become productive rather than dependent citizens.

The very future economic competitiveness of this nation rests on what we do with poor minority youth. To the degree that they are becoming drug addicts and drug pushers and alcoholics rather than trained workers, educated workers, we are dooming, I think, America's economic future, to say nothing of our moral legitimacy.

We have documented what is happening to our black young men and all of our young people, to our young families, in "Vanishing Dreams," which I am sure members of your Subcommittee staff have.

But I think the message we are going to have to say over and over again is we don't have a choice about investing in young people anymore. If we are serious about being a strong nation, about leading, about competing with the Japanese and Germans, and about just being a decent people, we need these poor black young people as much as we need our more privileged white ones now. We need every child.

So I hope we have common sense as a nation and that leaders like you and your messages that this is where the real security of this nation lies will begin to prevail, because for the first time in

15 years, working on children's issues, doing what is right and doing what a democratic society professes it wants to do and wants to be, and doing what is absolutely essential to save our national skins have converged.

So I hope, therefore, we take this next period as one where we try to put into place the strong building blocks for healthy families and for healthy young people, because if we do it wrong or do it cheap or do it cosmetically, it is not going to work. That means that the quality of life for all of us and the standard of living for all of us is going to decline.

Senator SIMON. And when you say doing it cosmetically, even the JTPA program—you know, we are reaching five percent of the eligibles here. You know, it is a good program. It can be a better program, and that is what we want to do here, but we are just scratching the surface.

Ms. EDELMAN. Scratching the surface.

Senator SIMON. Well, I thank you for your leadership. Every time I hear you, I want to get charged up again and go out and mount the——

Ms. EDELMAN. Just do it. You know, there are a whole lot of people out in communities who are really ready, and I think that it is time for the political leaders—and I know you are aware of this and have been out there, but it is time for political leaders to catch up with the American people.

They are ready; they are waiting to be galvanized. They now know that we have got problems and they are ready to confront them, and I just hope that with more strong voices like you, we will get about the business of doing it.

Senator SIMON. Thank you very, very much.

Ms. EDELMAN. Thank you.

Senator SIMON. And you are correct. My staff probably has that report, but I don't.

Ms. EDELMAN. Well, I am going to leave you your own personal copy, so when you have nothing to do——

Senator SIMON. All right. Thank you very, very much.

Ms. EDELMAN. Thank you.

[The prepared statement of Ms. Edelman follows:]

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TESTIMONY OF

THE CHILDREN'S DEFENSE FUND

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

HEARING ON S. 543

JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

MARCH 16, 1989

Presented by

Marian Wright Edelman
President
Children's Defense Fund

I welcome the opportunity to come before the Subcommittee this morning to discuss ways in which the Job Training Partnership Act can be strengthened and the next steps we must take to save our young people.

It was over a year ago that I last came before this Subcommittee to talk about what we must do to rescue the current generation of youth from lives without work and without hope. We were deeply grateful then for Senator Metzenbaum's efforts to call attention to the needs of severely disadvantaged youth, and we greatly appreciate the Chairman's strong leadership this year to undertake a much-needed refocusing of the JTPA program.

In the year that has gone by, little has changed for our young people. Everywhere I go, those who work with young people are puzzled by our willingness to throw away the futures of our youth, to ignore their potential contributions to the community and to pay the large and mounting costs of neglect. In particular, they ask what will be done to rescue our young men, who increasingly cannot earn enough to marry or support even a small family. They know that JTPA as currently structured is not effective and not enough.

The problem facing young people who do not go on to college will not go away, and it will not disappear through economic growth alone. Between 1973 and 1987, the average earnings of young men in their twenties dropped by 18 percent, and the proportion of young men who did not work at all during the entire year nearly doubled. During the same period, the marriage rate for young men fell by half and the poverty rate for young families nearly doubled. Almost 30 percent of all young families with children lived in poverty in 1987.

CDF recently completed a comprehensive study of the economic plight of our young families, entitled Vanishing Dreams. The picture which emerged from our research, undertaken in conjunction with Dr. Andrew Sum of Northeastern University's Center for Labor Market Studies, is deeply troubling. An economic disaster has afflicted America's young families since the early 1970s, the likes of which we have not seen since the Great Depression. Our report documents that the economic problems of young workers are a major part of the growing tragedy of child poverty in America, and that the American dream has begun to unravel for this generation of youth people.

We must act to save our young men and women. JTPA by itself is not the whole answer, but right now it is contributing too little to the solution.

The problems in JTPA are now all too familiar: the program typically avoids those young people most in need of help, and it focuses so heavily upon quick job placements and short-term results that it ignores more intensive and lasting investments in our youth. The JTPA system has responded well to some challenges, and has restored public confidence in the potential for helping the unemployed through federal job training efforts. Yet it is now time to rededicate ourselves to the more difficult challenges of reaching young people who are now shut out of most JTPA programs and giving local communities the tools to do an effective job in serving these youth.

The Job Training Partnership Act Amendments of 1989 (S.543), as introduced by Chairman Simon, include a number of appropriate and important steps to strengthen the JTPA system. In particular, CDF applauds the Chairman's proposals to address these problems by targeting more funds to low-income communities, giving communities greater flexibility to mount experimental programs for "hard-to-serve" populations, and revising performance standards to stress basic skills and longer-term gains in employability. These changes will help JTPA fulfill its original mission of opening doors for economically disadvantaged young people, and deserve the Subcommittee's support.

The proposed change in the JTPA allocation formula, while raising difficult political questions for the Congress, is clearly justified by the changing nature of the problems in the youth labor market. If we intend to use JTPA to achieve long-term employment gains for economically disadvantaged youth and adults, we must target funds effectively to poor neighborhoods, including both depressed rural areas and our inner cities. By relying too heavily upon official unemployment data, the current allocation formula spreads JTPA funds too thinly and fails to focus available resources on those communities with high concentrations of low-income workers and families. We can do better.

We also can do better in encouraging innovation while also ensuring results on behalf of harder-to-serve youth. The challenges of serving in-school versus out-of-school youth are very different, and expectations of success in JTPA programs must reflect these differences. In addition, while there are good reasons to preserve the performance-based nature of the JTPA program, we must find new ways of recognizing that reaching and helping more disadvantaged youth remains as much an art as a science and that communities need some flexibility to try new approaches and to fail. If we demand predictable results for every JTPA dollar we spend, we can hardly be surprised when risks are minimized and the toughest problems largely avoided.

Beyond these revisions in the current JTPA program, there are two additional steps incorporated in the Chairman's proposals which we must take this year: (1) creation of a strong replication mechanism to use the knowledge we already have about successful programs for young people; and (2) establishment of the Fair Chance program to reach out to those youth not currently served by JTPA or any other program and test our ability to create a "seamless web" of services which meets their needs. CDF has welcomed the chance to work closely with the Chairman in the development of these initiatives, and we urge the Subcommittee's strong support for them as logical next steps to strengthen our current youth employment efforts.

A focused replication effort within JTPA is long overdue. No business or corporation could survive without some way of field testing its products or services, incorporating the lessons learned and franchising the results throughout the firm. We need a similar mechanism in our social programs to improve the quality of our efforts for young people, including JTPA. There's nothing mysterious or even expensive about this: with very limited funds, we can support high-quality technical assistance and incentive grants for communities that adopt effective models and approaches. But the payoff is potentially quite large, measured in greater returns on $1.4 billion in JTPA funds spent for youth.

The U.S. Department of Labor has already undertaken this kind of replication on a limited scale in its national pilot and demonstration efforts. For example, the recent DOL commitment to replicate the Summer Education and Training Program (STEP) developed by Public/Private Ventures in dozens of communities throughout the country represents the kind of investment in proven approaches which we should be making on a far more systematic basis within JTPA.

For decades, we have tested various program models through pilot projects and demonstration programs, both publically and privately funded, but we still have failed to build upon the lessons we have learned through even modest investments in technical assistance or incentive grants. At times, we encourage local communities to implement model programs--Section 205 of the current JTPA statute, which lists exemplary youth programs as options for use of JTPA funds, is a good example. Yet in JTPA we have not taken the next step of giving communities the guidance and the financial incentives they need to get started.

There is no magic formula for successful program replication on a large scale. We need to find a way to shield the selection of program models from undue political influence, ensuring that only those approaches with reasonable evidence of success become the focus of replication efforts. We also need to rely upon national or regional intermediaries to provide the hands-on guidance and advice which is crucial to successful replication but exceeds the technical assistance capacity of the Department of Labor. With this general approach, we can put some muscle behind the empty exhortations of Section 205 of JTPA and invest more systematically in successful programs.

Finally, we are grateful to the Chairman for his interest in and sponsorship of the Fair Chance proposal developed by the William T. Grant Foundation Commission on Work, Family and Citizenship. CDF staff worked extensively with the Grant Commission during the past year, and we owe the Commission many thanks for its tireless efforts over the past two years to call attention to the needs of noncollege-bound youth, the so-called "forgotten half." We see the Fair Chance proposal as a beginning step to correct a pattern of persistent underinvestment in those young people who choose not go on to some form of postsecondary education, and we join the Grant Commission in strong support for its enactment this year.

If we are to avoid losing an entire generation of young people, we need a strong new message of hope and opportunity, and we need to get every state involved in the challenge of integrating existing efforts into a comprehensive set of services for youth with multiple needs. The Fair Chance program would provide the catalyst for this crucial next step. It is not just another categorical program which would add to the duplication and bureaucratic morass. To the contrary, Fair Chance would give communities a powerful incentive to come to the table and seek to coordinate their fragmented resources. Fair Chance funds would not be used to set up a new or competing system which circumvents JTPA; rather, they would fill the gaps and build the essential bridges between JTPA and other programs serving at-risk youth.

Although the Fair Chance program would be authorized as a new Part H of Title IV of JTPA, we must stress that the program would reach well beyond the confines of JTPA in pursuit of improved coordination and integration of services at the local level. In communities where the local Private Industry Council is broadly representative and the logical sponsor of an community-wide effort to guarantee access to education and training for all youth, the Fair Chance proposal explicit authorizes the designation of the PIC as the consortium responsible for development and implementation of the Fair Chance program. However, the proposal also permits local communities to rely upon other new or existing mechanisms for this purpose, thereby preserving maximum local flexibility and providing alternatives for community-wide collaboration in the event that the PIC fails to exercise strong leadership in this area.

For several years now, there have been anecdotal reports of recruitment problems within JTPA youth programs. Such reports have been puzzling, because the evidence also suggests that JTPA programs reach only a small fraction of all young people in need of remedial education or training assistance. Fair Chance will give us new insights into the extent of unmet needs within the youth population by challenging local communities to reach more aggressively into low-income neighborhoods and giving them the resources needed to deliver on their promise of help for young people. In the process, Fair Chance will also send a sorely-needed message of hope and opportunity to large groups of America's youth who now see no place and no hope for themselves in the future.

Now is the time to act, not to bicker. We all know there is a crisis out there. We are paying for our neglect with the unravelling of our young families, the loss of our young men to a vicious cycle of drugs, crime and violence, and the constant drain on public funds for prison and welfare costs. It's time to begin a new era, to invest in our young people and to put an end to this tragic loss of life and hope among the next generation of Americans.

CDF looks forward to working with the Subcommittee for enactment of S. 543, and I welcome the opportunity to respond to any questions or comments you might have.

Senator SIMON. As I indicated before, I am involved in the Foreign Relations Committee problem we face down there right now. I am going to have to recess. We will recess for ten minutes and be right back. I apologize to the other witnesses here.

[Recess.]

Senator SIMON. The subcommittee hearing will resume, and my apologies to the witnesses. Let me add, I may get pulled down there again at any moment, so we will try and speed through this process as rapidly as we can.

First, a panel of William Kolberg, the President of the National Alliance of Business, who has been a frequent visitor before our subcommittee, and we are very pleased to have you back again; and Jack Klepinger, the Chairman of the National Association of the PICs from Weber-Morgan, Utah. We are happy to have you here again, Jack.

We will enter both of your statements in the record, but let me hear from both of you.

STATEMENTS OF WILLIAM H. KOLBERG, PRESIDENT, NATIONAL ALLIANCE OF BUSINESS; AND JACK KLEPINGER, CHAIRMAN, BOARD OF DIRECTORS, NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS

Mr. KOLBERG. Mr. Chairman, thank you very much for inviting me again to appear before this committee. Let me begin by saying that, in general, we support your legislation. We appreciate the open consultative process that you and your staff have gone through.

I was happy to hear you say earlier in talking to Marian Wright Edelman that you think the JTPA is a very good program. I know you know we agree with that, but certainly it can be improved a great deal.

I don't know whether you have had a chance to know or read the new report from——

Senator SIMON. I have just glanced at it, but it is a——

Mr. KOLBERG [continuing]. The Job Training Advisory Committee. Jack and I were both members of that body. I think that your legislation and the recommendations that 38 of us made to the Secretary are very consistent right on through. I hope that through your legislation and our continuing work that we can bring to pass a lot of changes.

Let me just go through five quick things that I would like to emphasize this morning. To me, the most important part of your bill and the most important part of this report is a new youth title, the emphasis of new money and new authority for youth, because as you said earlier, we need to devote more resources and we need to develop more innovative strategies.

We think the separating of the adults and the youth in JTPA would be a very important new emphasis on youth, and we certainly welcome that. The Fair Chance Youth Opportunity Grant, we think, again, is an important new, possibly innovative program. We think that it perhaps goes too far and covers too many people in the context of the way it is now written. Perhaps it is a bit too categorical, but, Mr. Chairman, in the way you have been conducting the development of this legislation, I know we will have another chance to talk further about it. So, again, I would just say related to youth that what you are doing, we welcome. We think that new emphasis, new funds, and new, innovative titles are important, and we look forward to working with you.

Secondly, on funding and allocation formulas, you may remember that I was here the last time and testified before you. I said JTPA was becoming badly underfunded. I would repeat that again, that the main titles have been eroded by inflation to the tune of about 22 percent since it was written. We need to do something about that. So, certainly, the addition of more money is an important thing and we certainly support that.

As far as the allocation formulas are concerned, we need to do a better job of targeting the money in this program, where the problems are. The problems are concentrated in our inner cities, and so in general, again, I think you are moving in the right direction and we certainly support it.

Number three, you said earlier that there was some creaming JTPA. Yes, there is some. The things you have in your bill, I think, move in the right direction. We need to target services better.

You will find in this report, Mr. Chairman, a number of very specific ideas, some of which are already incorporated in your bill. I hope you will take a careful look at those and perhaps incorporate even more of those ideas. We certainly can target a whole lot better than we have in the past, and let us see if we can't get rid of whatever creaming there is out there. Certainly, there isn't enough money. As you said earlier, five percent is all we reach, so we have got to be very careful to do the job with those most in need.

Number four, on private industry councils, when I was here the last time I gave what I thought was a rather strong statement about the importance of maintaining the private sector character of that council.

I am glad to see, Mr. Chairman, that your latest draft has now changed that; that we continue a majority of private sector, for-profit people on the council and the chairmanship on the council.

Beyond that, I think we all ought to be a bit careful about setting percentages in law, and therefore making it impossible for local elected officials to adjust their councils to their local needs. But, in general, again, Mr. Chairman, you have been very flexible. We appreciate it.

As you know, we think, and I gather you agree now, that the private sector character of the council has been one of the most important success factors, and I hope that we can continue that.

Fifthly, and this is almost a personal thing, I notice that you have proposed abolishing the National Commission for Employment Policy. I had a part in creating that some years ago.

I agree with you that it has never functioned the way I hoped it would. I gather you don't think it functions well now, and I agree with that. But the reason I raise it is that we do not now have in the federal government a way to pull the various Cabinet agencies together in some strategic planning, some strategic thinking mechanism so that we can come out with an employment and training policy for the United States. Perhaps the National Commission, reformed with different membership, could do that.

I would urge you to think in general not necessarily about the National Commission, but about that lack that we now have in the Executive Branch and the Legislative Branch as a way of pulling together in one single place the public and private actors that need to be brought together to develop the kind of an overall strategic plan for the workforce of the future that you were talking with Marian this morning about and I know you know very much about.

Perhaps in thinking again about the National Commission, we can think more creatively and come up with something that is going to work better for us. I would be happy to work with you on that one.

Finally, Mr. Chairman, let me say again that the process you have gone through, I think is stellar. I appreciate the cooperation that you and your staff have given all of us. I look forward to your questions.

[The prepared statement of Mr. Kolberg follows:]

TESTIMONY
OF THE
NATIONAL ALLIANCE OF BUSINESS
BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

ON THE
JOB TRAINING PARTNERSHIP ACT YOUTH EMPLOYMENT AMENDMENTS OF 1989
(S. 543)

MARCH 16, 1989

Mr. Chairman, I appreciate the opportunity to testify on the proposed Job Training Partnership Act Youth Employment Amendments of 1989.

I am William H. Kolberg, President of the National Alliance of Business. The Alliance is the only national organization led by and representing business in the specific area of job training, employment, and human resource development for the nation's unemployed and disadvantaged.

Mr. Chairman, I want to compliment you on the open, consultative process that you have pursued in the development of this legislation. This latest draft is one that we at the Alliance can support in most of its major elements. We hope to work with you closely in ironing out some of the details. The bill reflects many of the recommendations of the national JTPA advisory body to Secretary of Labor Elizabeth Dole which released its recommendations several days ago. I have been privileged to be a member of that body.

IMPROVING THE QUALITY OF PROGRAM SERVICES

The National Alliance of Business believes that the JTPA system should be steered toward providing more intensive and comprehensive services to JTPA participants. It is important that, at the end of a participant's training period, that participant is not only able to find a job, but is able to find a job at a good paying wage, retain that job, and move on to a better job at a later time. Such success involves training which results in the acquisition of basic skills; not only reading, writing, and arithmetic, but also the abilities to think, exercise judgment, and learn how to learn. The jobs of today and of the future demand such skills, and JTPA must be part of a human resource development system which meets these needs.

The JTPA advisory group report lays out a comprehensive proposal for improving quality of program services, which includes individualizing training programs and increasing the investment in training and research designed to build the capacity of the staff who administer and deliver JTPA at the state and local levels. It also recommends changes in the performance standards system and in limitations on expenditures which might otherwise be preventing local areas from adopting more intensive service delivery strategies.

I support these Advisory Committee recommendations and am pleased to find your legislation mirroring many of the Committee report's tenets.

Separating Adult and Youth Programming

Your proposal places new emphasis on youth services which I believe is particularly important. Your bill, like the JTPA advisory committee report, proposes to realign adult and youth services into consolidated program titles that will enhance the ability of local programs to coordinate efforts with educational institutions and provide more comprehensive year-round services for at-risk youth. We would concur with the advisory committee report that a majority of funding under a separate youth title be spent on out of school youth, the so called "forgotten half," many of whom are dropouts.

Studies have indicated that the youth summer employment program is no longer the most effective use of federal employment and training funds. In many areas, there is no shortage of private sector summer employment opportunities for youth. Additionally, research has shown that the skill needs of at-risk youth are rarely addressed through summer employment alone; youth need instead a comprehensive array of year-round services, which may include a job during the summer.

Combining year-round youth programming, particularly basic skills training, with youth summer employment programming may be the most effective means for giving local program operators the ability and the incentive to use their youth funds more effectively.

Fair Chance Youth Opportunity Challenge Grant

Your Fair Chance proposal highlights the importance that this nation must place on serving youth and easing their transition into the world of work. You are right that we must put more emphasis on helping our youth, devote more resources, and develop more innovative service strategies. I am concerned, though, about the categorical nature of this proposal.

The Fair Chance proposal would make all youth in a demonstration area eligible for services, rather than targeting services to those economically disadvantaged youth with skills deficiencies. While ideally we would like to see every youth assisted in making the transition from school to work, training, or higher education, we realize that this is not possible today. Instead, we must concentrate resources where they are most needed.

If we bow to budget realities and strip away the requirement for universal eligibility, what is left is not significantly different from what we would all like to see under JTPA. The programs and services which would be provided under Fair Chance are the same as those which would be allowed under the proposed new Title II-B. If additional funds beyond Title II-B could be found for youth service activities, we could benefit from Fair Chance's emphasis on targeting funds to areas with high numbers of economically disadvantaged youth by establishing special JTPA concentration grants which would only be available to a limited number of service delivery areas.

We all agree that the relevant entities -- business, community based organizations, education agencies, and employment and training agencies -- should be brought together so that resources can be combined to meet the complex needs of many of our youth. The PICs were created to be the convening body for these relevant entities. Creating a new coordinative body at the local level is redundant. Fair Chance considers PICs as simply another group to be included in a new coordinative body. If this precedent were established and a new coordinative body were called for in another piece of legislation concerning human resource development, you would soon lose the impact of a community-wide effort to try to fit all programs into a more rational delivery strategy.

Performance Standards

Performance standards and their accompanying incentive systems establish the goals and priorities of the JTPA training system. They are powerful tools that can be used to guide the system to provide the kind of training JTPA participants need and our economy demands. It is certainly appropriate to look at a variety of approaches to refining these tools.

First, we would recommend that the legislation be changed to drop the requirement that governors distribute incentive grants "based on the degree by which the service delivery areas exceed their performance standards" [Sec. 202(b)(3)(B)]. In many instances, this requirement has served to encourage SDAs to serve a high proportion of job ready individuals in order to reap the largest incentive rewards possible.

Cost standards also need to be reconsidered. We feel that costs must be measured and reported in some form in order to guarantee that SDAs focus on program efficiency, but it may be necessary to reduce the power of the existing cost standards in order to reduce the effect those standards are having on training quality. We recommend that the federal government continue to establish cost measures, and that states and SDAs continue to report their expenditures, but that SDAs not receive incentive grants for exceeding these standards. Incentive rewards have encouraged some SDAs to drive costs down below levels necessary for providing comprehensive services to more at-risk individuals.

We feel that these changes would encourage service to the "hard-to-serve," and would be preferable to your proposal to develop separate standards for hard-to-serve individuals. No clear definition exists for separating the hard-to-serve from the rest of the JTPA-eligible population.

Supportive Services

Disadvantaged participants usually have a variety of related needs which have to be met in order for them to participate successfully in the JTPA program. They may have child care or transportation needs, or health or emotional problems. Furthermore, bringing JTPA participants to the skill levels required by the labor market may take a long time. During that time, the participants may need help meeting their current economic requirements.

There is nothing magical about the 15 percent expenditure limitation, and the waiver provisions of current law allow increases. While it is important for SDAs to have more flexibility to provide support services, there is no justification for removing all limitations. JTPA is primarily a training program. Many of the support services can be funded by other programs; going so far as removing the expenditure cap might remove all incentives for coordinating and leveraging other program funds. Better coordination of services is key to good programs.

PROGRAM TARGETING

The JTPA system needs to focus its scarce resources. Funds need to be concentrated in areas with the largest numbers of eligible individuals, and service delivery areas need to target services to those eligible individuals who can most benefit from a comprehensive training program. Because it is unlikely that JTPA will ever be able to serve all those eligible and in need of services, it is crucial that resources be used as effectively and efficiently as possible.

Funding

We support your effort to increase the total amount of JTPA funding. As we testified before your committee on September 22, 1988, funding cuts and inflation have resulted in a decrease in real dollars for JTPA of 22 percent between program years 1984 and 1989. The JTPA Advisory Committee would target the increased funding to youth services, you suggest splitting it between youth and adults. Either way, it is critical that JTPA receive a new infusion of dollars.

NAB is also in accord with the JTPA Advisory Committee and with your proposal that the distribution of funds should better reflect the distribution of the eligible population -- that greater weight be placed on factors of economic disadvantage and less weight on factors of unemployment in the allocation formulas. We think that your proposal is strong, and is a good departure point from which to look at data availability and reliability.

We also agree that there needs to be hold-harmless provisions to both ease the system into operation under the new allocation formula and then protect the system from any large swings in funding which could destabilize local programs. However, we do not support the proposal to guarantee to states an allotment equal to at least their 1989 fiscal year allotments. If fiscal constraints prevented JTPA funding from rising above current levels, this requirement would leave state allotments static at their FY 1989 levels, and the proposed funding formula would have no effect at the state level. Even if JTPA funding were to increase, states should not be guaranteed a funding floor below which they could never fall, even if their economic conditions improved markedly in relation to other states.

Participants

While some argue that JTPA should not penalize those economically disadvantaged individuals who have worked the hardest to achieve skills on their own, preliminary research seems to indicate that serving the most job ready may be an ineffective use of funds, as many of the job ready would have succeeded on their own without JTPA intervention. Because of this concern, priority should be placed on serving those individuals who have potential for success, but who would not be able to succeed without JTPA intervention. The program should serve those who need some education or training assistance in addition to placement help, and should minimize serving those who need direct placement help only.

The best way to accomplish this may well be an approach which combines exhorting the system to serve eligible individuals with skill deficiencies and providing the system with incentives to serve these individuals. Incentives can be both financial, through performance awards, and programmatic, through the relaxation of support services and stipend limitations. Many of the pieces for such an approach are contained in your proposal.

We support the proposed language providing special emphasis to hard-to-serve populations or individuals most-in-need of basic skills and employment training services. This provides a degree of clarity about the goals of JTPA that was previously lacking. We are concerned, however, that requiring all youth enrolled in year-round programs to be deficient in basic skills may be too strict, and that establishing separate standards for hard-to-serve individuals would be both cumbersome and unworkable.

We are also concerned about your proposal to allow SDAs to spend up to 10 percent of their funds on "experimental programming for groups with special needs" and have such funds be exempt from performance standards. While this might encourage service to these individuals, we are concerned about creating numerous set-aside programs which limit local flexibility. Research and demonstration projects testing a variety of service strategies for hard-to-serve individuals are continually being operated, and with increased federal attention to dissemination, these strategies are available for replication. SDAs can implement these service strategies without fear of failing their performance standards. Furthermore, governors currently have the discretion to allow SDAs to operate programs not subject to performance standards with any 6 percent incentive funds the SDAs receive.

I suggest that, rather than encouraging SDAs to serve the hard-to-serve through set-asides, you change the current legislation which allows governors to provide incentive grants for serving hard-to-serve individuals, so that it requires governors to provide grants on that basis. Additionally, your proposal to allow SDAs to spend up to an additional 10 percent of their funds on support services for those individuals receiving long term services will encourage SDAs to provide the appropriate services to a more at-risk population, without unnecessarily complicating the JTPA administrative structure.

PRIVATE INDUSTRY COUNCILS

Mr. Chairman, we want to thank you for retaining the provision of current law related to the private sector majority and private sector chairperson on the private industry councils. The current requirement was agreed by all the experts as necessary to get, and maintain, top level business leadership in the community. It was also deemed critical for maintaining the relative independence of the council in the partnership with local elected officials. The perception of such independence in a partnership would certainly have been undermined if, for instance, the chairperson were chosen from among the public agency members of the PIC. If it were chaired by a government agency official, the council could easily be viewed as just another arm of government, and the progress toward building credibility for the program in the employer community would be lost.

NAB is convinced that public/private partnerships are essential if the objectives of JTPA are to be achieved. The design of JTPA purposefully established a formal working structure for business in partnership with local elected officials. It is an unprecedented effort to leverage private resources and expertise for public purposes, and in order for it to succeed, it is crucial that the private sector remain a full partner with the local elected officials in the design and implementation of employment and training programs.

There is strong evidence that business involvement has had positive benefits. In roundtable discussions we held during 1988, both JTPA professionals and volunteers indicated to us that business participation in JTPA has made a substantial and positive difference to the system. Representatives from both public and private sectors told us that business involvement has helped to improve the public's perception of the program; created an entree to the local employer community; leveraged additional dollars, both public and private, for the program; brought more efficient and cost effective management to program operation; and ensured that training and program services were directed to private sector occupations demanded in the local communities.

While we are pleased with the way you and your staff resolved the private sector composition and chairmanship of the PICs, we are still concerned about setting such strict membership requirements. The private industry council was never intended to be broadly representative of the population at large nor of all the potential groups interested in job training, rather it was intended to be a deliberative policy body, capable of establishing a human development strategy which could be supported and implemented throughout the community. For this to occur, it is crucial that PIC members be leaders in their communities, leaders who can contribute substantial skills, knowledge, and resources to the development of a local policy.

Under representation of any particular point of view or expertise, whether it is labor, community based organizations, education, public service agencies, or vocational rehabilitation, is a serious problem. But it cannot be solved through strict percentage requirements. All communities are different, and strict quotas are sure to prevent some councils from building the best membership possible. Nationally, representation on the PICs closely resembles that which you are proposing. According to a survey we conducted in 1973, 16 percent of the representatives on the average PIC are from organized labor and community based organizations, and 24 percent are from education, rehabilitation, economic development, and the employment service. This suggests to me that variations across the country reflect community differences, rather than any significant under representation.

We suggest that, instead of legislation enforcing strict percentages, local communities be encouraged to ensure that elected officials carefully exercise their appointment authority and choose representatives from those groups crucial for the effective functioning of the private industry councils.

NATIONAL COMMISSION FOR EMPLOYMENT POLICY

Consistent policies for federally funded workforce development programs are indispensable for achieving coordination at the state and local levels. Fragmentation of the federal policy process among a host of congressional committees and federal agencies poses a formidable obstacle to the coordination of related programs. Consequently, there is a need for a public/private partnership at the federal level to coordinate policies across a broad range of federal programs and institutions.

Though the National Commission for Employment Policy has generally not functioned in this capacity, it is our view that a revitalized Commission could play an important role in overcoming the fragmentation of workforce development policy at the federal level. Instead of abolishing the Commission, we suggest that you develop a strategy for strengthening and directing its activities. Its membership should include the top leaders in the executive and legislative branches responsible for employment, education, and related issues, as well as high-level business executives, members of organized labor, representatives of community based organizations, and academics with national prestige. Instead of producing reports on narrow issues, the Commission would be responsible for developing a national policy on workforce issues and ensuring that federal legislation and policies supported a coordinative approach to implementing the new policy.

We feel that this concept deserves more thought. We intend to develop it further over the coming month, and will share our ideas with your staff.

CONCLUSION

I think that all of us involved with JTPA have a right to be proud of our accomplishments. JTPA has served approximately 5 million individuals, 93 percent of whom were economically disadvantaged. In the most recent program year, 72 percent of the adults leaving JTPA programs entered employment, and 64 percent of the adults were employed three months after they left the program. Sixty-three percent of adults on welfare entered employment after participating in JTPA, and positive results were achieved with 80 percent of the youth who participated.

We know that we must do better. After five years of experience with JTPA, it seems clear that some refinements are due in determining the services to be provided, and in targeting on the clients to be served. In my view, many of the issues surrounding JTPA reflect a lack of clarity about the program's ultimate goals and objectives.

Mr. Chairman, what I have laid out here is a relatively broad response to your proposed JTPA amendments. JTPA should be providing training services that are intensive and extensive enough to make a significant difference in the lives of those served by JTPA, and JTPA should target services to those economically disadvantaged individuals with basic and employability skills deficiencies that can be addressed through program services. My staff is in the process of putting together some more detailed suggestions on how your legislation can best help the JTPA system meet these goals, and we will be submitting them to you shortly.

As you continue to refine these JTPA amendments, I want to reiterate the importance of preserving the special qualities of the Job Training Partnership Act. JTPA has represented a positive step in federal policy making. The principles of public/private partnerships, coordinated service delivery, program accountability, and decentralized administration have served the JTPA system well.

We are even more convinced today than we were when JTPA was passed that these elements are crucial to all federal human resource development programming -- they should be strengthened not only in JTPA, but in vocational education, the Job Opportunities and Basic Skills program created in the welfare reform legislation passed last year, and other related programs. We've elaborated on our vision of an integrated human resource development system based on these four principles in our publication Shaping Tomorrow's Workforce: A Leadership Agenda for the 90's, which we will provide to Members and staff of the Committee.

I want to thank you for inviting me to testify on your proposed amendments. I would be happy to answer any questions you may have.

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Senator SIMON. I thank you very much, Bill Kolberg. Frequently, these commissions and advisory groups don't accomplish much. Unfortunately you have just cited one that hasn't come to grips with things.

This advisory group obviously just didn't do a superficial job. You really dug in, and I hope you will convey my thanks to the other members of the advisory group. Again, I just saw the report last night for the first time. I just skimmed through it, but you obviously did more than just sit around drinking tea. You really did a job.

Mr. KOLBERG. Jack and I and the other members certainly appreciate that, Mr. Chairman.

Senator SIMON. Jack Klepinger, we are happy to have you back here again.

Mr. KLEPINGER. Thank you. I appreciate the opportunity to testify on your S. 543, the Job Training Partnership Act Amendments of 1989. As you know, I am Jack Klepinger, and I am a member and past chair of the Weber-Morgan Counties Private Industry Council in Ogden, Utah.

I am appearing here today on behalf of the National Association of Private Industry Councils, NAPIC, on whose board of directors I serve as chairman. Our membership includes some 390 PICs and several State job training coordinating councils.

As you know, NAPIC strongly supports the current JTPA statute and its requirements for a business majority on the PIC and the law's further specification that the PIC chair be from among the business representatives on the PIC. We are pleased that you have decided to maintain these features and we encourage you to continue to support them as your bill moves forward.

As a member of the National JTPA Advisory Committee, I am pleased that our report, "Working Capital: JTPA Investments for the 1990s," was released this week. And in the main, I support the advisory committee recommendations, and it appears that in developing S. 543, you have come to similar conclusions.

The advisory committee concludes that PICs are a vital resource toward reaching our shared goals. JTPA has always been a dynamic and innovative system, and in the face of labor shortages many PICs began to restructure programs to reach a harder to serve client group.

Scores of PICs began to restructure summer youth programs to emphasize remediation and drop-out prevention well before Congress mandated such changes in 1986. PICs have been active partners in State welfare reform from the very beginning.

In short, Mr. Chairman, we need to recognize the contributions of the PIC model, strengthen PICs where necessary, and build on the PIC partnership as we focus on the job training needs and opportunities before us.

We share your goal that labor, community-based organizations, education, and the public sector be represented by top-level community leadership. PIC business representatives want the top decisionmakers from the other sectors at the table with them.

The policy issue before the subcommittee is whether such leadership is more likely to be forthcoming if minimum percentages from each sector are mandated, as in the bill before the committee.

We continue to believe that this objective will not be enhanced by such a requirement. The vast majority of PICs have the broad representation you seek. NAPIC is concerned that the proposed change will not be effective in solving the inequities that exist in a few places, but may cause disruptions in the many places where community representation is equitable and effective under the flexibility that current law provides.

The current Summer Youth Employment Program may no longer be the most effective method of assisting disadvantaged youth in completing their schooling and making a successful transition into the workforce. We support the year-around and summer programs to give PICs the maximum incentive to use these funds under a coherent strategy to more effectively serve at-risk youth.

JTPA can serve only a small percentage of those who might benefit from the program. Consequently, resources must be targeted and priorities for service set. This is a difficult job for PICs and local elected officials, but a job that is most appropriately performed at the local level.

PICs must focus on basic skill deficiencies among the economically disadvantaged, and we support your efforts to make this a clearer expectation of the JTPA system. At the same time, whatever the mix of clients and services, we cannot afford to lose sight of the fact that job placement and job retention are the bottom-line indicators of success.

Business has come forth to support JTPA because it is performance-driven, not process-driven, and the performance we measure is job placement, wages, and retention. No changes to JTPA should lose sight of this simple fact.

As we redirect the emphasis of JTPA, we need to understand that it will take longer and cost more to get results similar to those we currently obtain, and performance standards must reflect this fact.

Mr. Chairman, we support your efforts to increase funding for JTPA. Inflation and funding cuts have reduced local allocations to a point in many service delivery areas that threatens the basic job training infrastructure. We are working on a crucial national priority and an increase in funding is in order.

In summary, NAPIC believes that JTPA has been a successful program that can and does respond to the priorities of Congress and the Executive Branch. The partnership between PICs and local elected officials has matured and represents a unique opportunity to advance long-held goals of better coordination of related education and training programs, but additional national support for strengthening the PIC institution to take on new roles would appear timely.

PIC volunteers are proud to endorse JTPA to their colleagues because it is a job training and placement program, but we recognize that a job training program in the 1990s is an education program, also. PICs need to provide basic education services, reading, writing, computing, problem-solving, so that new workers can meet the rising skill requirements of the workplace.

I thank you, Mr. Chairman, for inviting NAPIC to comment, and I look forward to any questions.

[The prepared statement of Mr. Klepinger follows:]

NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS

STATEMENT OF
JACK KLEPINGER
ON BEHALF OF THE
NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS

BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

ON THE
JOB TRAINING PARTNERSHIP ACT YOUTH EMPLOYMENT AMENDMENTS OF 1989
(S. 543)

MARCH 16, 1989

Suite 800 1201 New York Avenue, N.W., Washington, D.C. 20005 Telephone 202/289-2950

Thank you Mr. Chairman and members of the Subcommittee. We appreciate the opportunity to testify on S.543, The "Job Training Partnership Act Youth Employment Amendments of 1989."

I am Jack Klepinger, member and past chairman of the Weber/Morgan Counties Private Industry Council, Inc. in Ogden, Utah. I am appearing today on behalf of the National Association of Private Industry Councils (NAPIC), on whose Board of Directors I serve as Chairman.

NAPIC is the only national membership organization speaking on behalf of and serving the nation's private industry councils. Our membership includes some 390 PICs and several state job training coordinating councils (SJTCCs).

Before commenting on the bill before the subcommittee, I would first like to commend you, Mr. Chairman, for the personal involvement you have displayed and the open dialogue you have encouraged as the Subcommittee has discharged its duties in overseeing the Job Training Partnership Act.

As you know, NAPIC strongly supports the current JTPA statute in its requirement for a business majority on the PIC and the law's further specification that the PIC Chair be from among the business representatives on the PIC. NAPIC has supported these provisions in previous hearings before this subcommittee.

We know that many PICs, as well as business volunteers on PICs, have contacted you in support of current PIC composition language.

PIC composition was fully reviewed and carefully crafted in the original JTPA legislation. The success of the existing formulation is reflected in the tens of thousands of business men and women who serve or have served on PICs, the strong partnership that exists today between PICs and local elected officials, and the active support that PICs receive from their non-business membership including educators, organized labor, community based leaders and public sector administrators.

It is appropriate that your Subcommittee review the structure and composition of PICs as established by JTPA. And, we are pleased that you decided to maintain the business majority and the business chairperson requirements of the law after your careful review of this issue. We encourage you to continue to support these provisions as your bill moves forward.

While we believe that the current PIC structure should be maintained, we also recognize that job training, including JTPA, must respond to changing needs among target groups, as well as the changing workplace realities that private employers are facing today and will face in the future. We support your efforts to make JTPA as effective an economic tool as possible.

and look forward to working with you on the key challenge for all of us -- preparing all Americans for the jobs of the next decade and the next century.

JTPA is under review in Congress and by a special advisory committee established by the U.S. Department of Labor, among others. These attempts to take stock of where we are and where we should be going are important and necessary. In fact, NAPIC is encouraging PICs to perform similar examinations of their work at the community level. After all, to the extent that redirection is warranted, it will work best when local decision makers see the need for and support this redirection.

For the past several months, I have been a member of the national JTPA Advisory Committee convened by the U.S. Department of Labor. Among the 38 Committee members were three other PIC business representatives and two state council chairs, also from the private sector. The Committee's report, **Working Capital: JTPA Investments for the 90's**, was released this week. Our report sets out a comprehensive proposal for strengthening job training through better targeting of services and resources, intensified investments in training, clearer program performance measures and capacity building among staff and policy making bodies that undergird job training.

In the main, I support the Advisory Committee recommendations, and it appears that in developing S. 543, you have come to similar conclusions. In this respect, it is important to note that a great many individuals in the business community and in the PIC system share your goals for job training in the 1990's and beyond. We may disagree on some of the structural details, but it is encouraging to note that we share a common goal.

At the same time, we are disturbed that many find it necessary to criticize the past contributions of the JTPA system in order to make the case that new directions should now be considered.

If we look at the context in which JTPA and PICs have evolved, we will note that the recession of the early 1980's was ending as JTPA was implemented. As we moved into a period of recovery and job growth, Congress, the Administration and business groups emphasized the importance of putting large numbers of people back to work. Many aspects of JTPA program structure, including performance standards, and cost limitation features, also favored a low-cost, high performance system.

Over the past six years, placement rates, which were higher than anticipated almost immediately, have continued to climb, while costs per placement have progressively diminished. This occurred while JTPA served substantially more than the 90 percent economically disadvantaged required under the Act.

At the same time, JTPA has always been a dynamic and innovative system. In the face of labor shortages, many PICs began to restructure programs to reach a harder-to-serve client group at least two-years ago. Scores of PICs began to restructure summer jobs programs to emphasize remediation and drop-out prevention well before Congress mandated such changes in 1986. And PICs have been active partners in state welfare reform from the beginning.

Yes, it is time to take stock of where we are and to begin to position job training to respond to the workforce and demographic realities of the next century. Yes, there have been problems under JTPA in a few places. Yes, we have made mistakes from time to time. But the big picture is largely positive.

Thousands of private and public sector individuals have invested their time and expertise in the PIC. And this investment has paid off. The PIC-local elected official partnership has worked and gotten stronger over the years. Every major public interest group now supports the policy and oversight body we know as PIC, as does virtually every business organization in the country.

In short, Mr. Chairman, we need to recognize the contributions of the PIC model, strengthen PICs where necessary, and build on the PIC partnership model as we focus on the job training needs and opportunities before us.

Private Industry Council Composition

As noted in our past testimony, we share your goal that labor, community based organizations, education and the public sector be represented by top-level community leadership. PIC business representatives want the top decision-makers from the other sectors at the table with them. In this regard, it needs to be noted that, in most cases, the appointments made by local elected officials have given PICs this leadership.

The policy issue before the subcommittee is whether such leadership is more likely to be forthcoming if minimum percentages from each sector are mandated as in the bill before the committee. We continue to believe that this objective will not be enhanced by such a requirement. Quite simply, federal legislation cannot mandate that community leaders be named to the PIC or require that they serve if asked.

In addition, PIC chairs attending NAPIC's recent annual meeting informed us that they were concerned that a strict quota system fails to account for the differences among communities. In particular, some rural communities will find it difficult to build the best membership possible under a quota system. Finally, a number of PICs noted that they are grappling with conflict of interest issues in the allocation of resources and that the strict percentages may compel them to add more PIC members who are funded through JTPA.

We need to note that most PICs are very close to or above the percentages you are suggesting. Therefore, rather than legislation to enforce a particular percentage, we would prefer a strategy of encouraging local elected officials to make appointments that enhance the goals of JTPA and the PIC system. We would be happy to meet with your staff to discuss this question further.

But above all, Mr. Chairman, it needs to be stated that the vast majority of PICs appear to have the broad representation you seek. Relationships between the sectors appear to be harmonious and cooperative. NAPIC is concerned that the proposed change will not be effective in solving the inequities that exist in a few places; but may cause disruptions in the many places where community representation is equitable and effective under the flexibility that current law provides.

Finally, under the issue of PIC composition, I would like to note one other point that the Subcommittee may wish to explore further. As you know, the PIC is not the same as JTPA.

Specifically, the PIC has certain coordination mandates that go beyond the strict confines of JTPA. Most notable are requirements for joint plan approval with the Employment Service, and consultation with welfare agencies on job training contracts under the new JOBS program. In addition, many PICs are engaged in joint planning with secondary school systems, postsecondary vocational education schools, community literacy efforts and more.

Those of us in the PIC movement support such efforts to develop PICs as business-led policy making bodies whose highest contribution can be that of mobilizing scarce resources in the most efficient manner through program coordination and integration strategies. But if we are to evolve into labor market boards, we need staff whose primary role is to work on education and training issues in our communities. I am concerned that JTPA staff -- who are first and foremost accountable for the JTPA program -- cannot fill this role under current administrative constraints. In fact, JTPA should not be solely responsible for providing the professional cadre necessary to planning and implementing a community's long range goals. Instead, I would ask that you look at providing a modest sum to assist PICs in these roles aside from current JTPA resources. Again, we would be pleased to meet with your staff to discuss this issue in more detail.

Youth Programs

Many PICs have noted that the current summer youth employment program may no longer be the most effective method of assisting disadvantaged youth in completing their schooling and making a successful transition into the work force. All PICs now operate a summer remediation program for youth behind in basic skills. But more can be done to improve youth programs.

We support combining the year-round and summer programs to give PICs the maximum incentive to use these funds under a coherent strategy to more effectively serve at-risk youth.

Challenge Grants

We share your concern that more emphasis needs to be placed on helping young people make the transition from school to work. However, we question the need for a demonstration program at this time. We would prefer to see these resources dedicated to a redesigned program for at-risk youth.

In addition, we are concerned that the challenge grant program views PICs as one among many community institutions that might play a role in the program. PICs are already the convening body that the program envisions creating. As noted earlier, we must build on the PIC whenever possible. Efforts to create a new partnership for each program that comes along are counterproductive because they threaten to undermine the larger goal of building business/education/community partnerships that can effectively address labor force issues in a community.

A Redirection of Services

JTPA can serve only a small percentage of those who might benefit from the program. Consequently, resources must be targeted and priorities for service set. This is a difficult job for PICs and local elected officials; but a job that is most appropriately performed at the local level.

There is no doubt that some of the clients in JTPA programs would succeed without the program. It is also clearly the case that some individuals have a multiplicity of problems that make them very poor candidates for a job training program until some of their other problems can be resolved. Priority for JTPA services should go to those individuals who have potential for success, but who need help with education or job training if they are to succeed. For those who are job ready, we need a reinvigorated employment service; and I encourage you to examine how to best deploy this system for those who need transition assistance the most.

American business increasingly recognizes that our education and job training systems must put special emphasis on those deficient in basic skills, including communication and problem solving skills. PICs must focus on these deficiencies among the economically disadvantaged, and we support your efforts to make this a clearer expectation of the JTPA system.

At the same time, whatever the mix of clients and services; we cannot afford to lose sight of the fact that job placement and job retention are the bottom-line indicators of success. Business has come forth to support JTPA because it is performance driven, not process driven, and the performance we measure is job placement, wages, and retention. No changes to JTPA should lose sight of this simple facet of JTPA that makes it so valuable to both the unemployed and the business community.

Performance Standards

As we redirect the emphasis of JTPA, we need to understand that it will take longer, and cost more, to get results similar to those we currently obtain. In this regard, your bill has the Secretary of Labor establish separate performance standards for the hard-to-serve. Rather than two sets of standards, which we fear would be confusing, it seems that the current standards could be adjusted to account for the individuals actually served.

Funding

Mr. Chairman, we support your efforts to increase funding for JTPA. Inflation and funding cuts have reduced local allocations to a point in many service delivery areas that threatens the basic job training infrastructure. PICs can't help fulfill the promise of a job for everyone who wants one and is appropriately trained, if we don't have the money to do this job. Congress ultimately sets priorities through the funding process. We are working on a crucial national priority and an increase in funding is in order.

In addition, NAPIC agrees that funding should be based upon the relative incidence of eligibility in a particular area. Your proposed formula changes, that increase the weight of the disadvantaged population factor, would appear to do just that. Having said this, we note that any formula will be viewed as favoring cities or rural areas or one region of the country over another. Therefore, any change in fund distribution should be phased-in over a period of years; and, ideally done in step with an increase in total JTPA funding so as not to cause serious disruptions in local programs.

A related problem which we have previously discussed with the Subcommittee is the fluctuation in funding under the current formula. Your proposal to provide a floor of 90 percent and a ceiling of 110 percent each program year is a modification to JTPA which we support.

In summary, NAPIC believes that JTPA has been a successful program that can and does respond to the priorities of Congress and the Executive Branch. Business support of and service on private industry councils has been one important reason for the impressive accomplishments of JTPA. The partnership between PICs and local elected officials has matured and represents a unique opportunity to advance long-held goals of better coordination of related education and training programs. But additional national support for strengthening the PIC institution to take on new roles would appear timely.

PIC volunteers are proud to endorse JTPA to their colleagues because it is a job training and placement program. But we recognize that a job training program in the 1990's is an education program also. As traditional sources of new workers erode, employers will increasingly need to reach out to the less qualified to fill entry level positions. PICs need to provide basic education services -- reading, writing, computing, problem solving, etc. -- as well as a knowledge of workplace expectations, so that these new workers can meet the rising skill requirements of the workplace. NAPIC looks forward to working with the Subcommittee in developing strategies, programs and resources that transforms our shared vision of a productive job for everyone who wants one into reality.

Mr. Chairman, thank you for inviting NAPIC to comment on your proposed amendments. We look forward to working with you further on the issues raised. This concludes my remarks. I would be happy to answer any questions.

Senator **Simon**. I thank both of you for your leadership. You are both making a great contribution to the Nation.

I couldn't help but notice on page 3 of your statement, Mr. Klepinger, you said, "In the main, I support the advisory committee recommendations." As I glanced through the report, I did not see any minority reports or anything like that. I would be interested in where you may differ from the advisory committee report.

Mr. **Klepinger**. I think that as I speak from a NAPIC position, recognizing that we are representing many, many PICs throughout the Nation, that to say that that report is totally complete and supported by every PIC is something that may not be true.

There may be issues that they would not support, and therefore in our support of them we have to recognize that these differences may occur. I am a little self-centered in the sense that I helped write that document and I personally feel very good about the issues that are there.

Senator **Simon**. But not one of the 15 recommendations or however many there, that you feel very strongly that the advisory committee made a mistake in making the recommendation?

Mr. **Klepinger**. No. That is correct.

Senator **Simon**. OK. I would appreciate if both of you—and this will be true for our next two witnesses, if you could just take the legislation that we have right now and just say on line 23, page 3, I think it would be better if you had "x" here, because we will be getting to the point very shortly where we want to be working on the specifics. We want to mark up the legislation, we hope, at the end of May.

The end of May sounds like a long way off, but it will be here very, very shortly. So if you could both do that, that would be much appreciated, and I appreciate your testimony here today. But more than that, I appreciate your leadership. Thank you very, very much.

Mr. **Kolberg**. Thank you, Mr. Chairman.

Senator **Simon**. Our final two witnesses are Bill Shinn, the Personnel Director of the Louis Rich Company of Newberry, South Carolina, for the National Rehabilitation Association, and Susan Dunn, the Assistant Commissioner of the Employment Security Department for the State of Washington, and the Vice Chair of the State Liaison for the National Governors Association.

We thank you both very much for being here. Mr. Shinn, we will hear from you first.

STATEMENTS OF WILLIAM SHINN, PERSONNEL AND EMPLOYMENT RELATIONS MANAGER, LOUIS RICH CO., ON BEHALF OF THE NATIONAL REHABILITATION ASSOCIATION; AND SUSAN DUNN, ASSISTANT COMMISSIONER, WASHINGTON STATE EMPLOYMENT SECURITY DEPARTMENT, ON BEHALF OF THE STATE JTPA LIAISON ORGANIZATION

Mr. **Shinn**. OK. Good morning, Mr. Chairman. I would like to thank you for the opportunity to appear before this subcommittee. I am employed with Louis Rich Company, a poultry processing operation in Newberry, South Carolina. We have approximately 1,100 employees.

You will be pleased to know that many of these employees were initially hired under the provisions of the Job Training Partnership Act. I believe my company shows that JTPA is an effective tool for employment not only in the large cities of our nation, but also in smaller, more rural communities such as Newberry, South Carolina.

I support your amendments and could easily spend my remaining time talking to you about the benefits of JTPA to my company, but my written statement adequately covers that. With your permission, I believe it would be more beneficial to tell you what it has meant to three of our employees, Edward, Sherrie, and Phyllis.

Edward is a 26-year-old black male and is mentally retarded. Three years ago, his aging father sought the help of the local vocational rehabilitation office to assist his son in becoming gainfully employed. Edward's father knew he was nearing the end of this time and was concerned about his son's future.

Through the efforts of the local vocational rehabilitation office, we employed Edward and trained him to perform a job on one of our production lines. Edward's father passed away several months ago, but Edward is still with us, performs his job well, and is a good employee. His father's wish came true because Edward now lives on his own and is financially independent.

Sherrie is a 24-year-old black female who has been totally deaf since birth. Sherrie also came to us through the local vocational rehabilitation office. Sherrie is an outgoing person and was an excellent sprinter in high school, and even participated in the Special Olympics.

Although Sherrie is totally deaf, she is an excellent lip-reader and we used this to train her to perform her first job. Sherrie is now starting her third year with us and has advanced into a higher-paying position.

Phyllis is a 24-year-old black female who lost her entire right hand in an automobile accident. When the vocational rehabilitation office referred her to us, it was her first job. Our safety manager accepted Phyllis as a challenge and was determined to place her in a productive situation.

He designed a brace to fit her right arm. To this, a special knife could be attached. With just a slight extension of her training period, Phyllis became more and more proficient at her work. The local vocational rehabilitation staff is continuing to refine the brace and make it more comfortable and efficient.

These are just a few of our workers whom I believe have benefitted from the JTPA program. I urge you to remind your colleagues in the Senate that training programs such as JTPA are truly an investment in America's future.

Just as my company in South Carolina has learned, America must make investments today to bring the disadvantaged and disabled citizens into the mainstream of our society. The doorway to that inclusion is through training.

Thank you again for your important work and your personal interest in this Act and for the invitation to appear before you today. Thank you.

[The prepared statement of Mr. Shinn follows:]

TESTIMONY BEFORE THE SENATE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

MARCH 16, 1989

BY

Mr. William (Bill) Shinn
Personnel and Employment Relations Manager
Louis Rich Company, Newberry, S.C.

Thank you for the opportunity to appear before this Subcommittee with regard to the "Job Training Partnership Act Youth Employment Amendments of 1989". Copies of my written testimony have been provided to this Subcommittee. I speak to you not as a technical expert on these provisions, but rather from the point of view of a private business operation which has successfully utilized the Job Training Partnership Act. I also wish to comment on our experiences with hiring individuals with disabilities, a target population which should continue to be emphasized in this and all other training and labor provisions.

I am employed with Louis Rich Company, a poultry processing operation in Newberry, South Carolina. We have approximately 1,100 employees. You will be pleased to know that many of these employees were initially employed under the provisions of the Job Training Partnerships Act. I thus appear before you today to confirm that JTPA works in South Carolina. I suspect you hear more complaints and criticism than you do words of appreciation. In case you would like feedback, this legislation is an effective tool for employment not only in the large cities of our nation, but also in smaller, more rural communities such as Newberry, South Carolina. Thank you for your interest in job training. It is important for America, and your efforts are appreciated.

With regard to your proposed composition of the private industry councils (PIC's), we believe that increasing the variety of groups represented on the PIC will serve to improve coordination within community-based organizations. It should also serve to create a better sense of local "ownership", which will lead to greater employer support for these programs. I particularly applaud the specific inclusion of representatives of rehabilitation agencies on the PIC. Our company has had personal experience with our Vocational Rehabilitation Department and has successfully employed many workers with disabilities. Vocational Rehabilitation agencies represent a great resource and should be included. We would also urge you to clairify that Vocational Rehabilitation Agency representation on the State Job Training Coordinating Council is mandated in all states.

I would like to share with this Subcommittee our thoughts on another important matter that is closely related. The Company I represent is beginning to experience some of the same problems of recruitment of qualified workers that many other private employers are experiencing throughout America. We are all going to face increasingly difficult challenges in recruiting workers. It is already a major problem in many areas of our nation, and grows more critical with each passing year.

There is an interesting irony however, that I wish to call to your attention. You are, of course, aware of Labor Statistics which predict critical labor shortages. One study suggests America will need as many as 500,000/immigrant workers each year, by the year 2001. At the same time business and industry is facing personnel shortages which are only going to worsen, literally millions of Americans with disabilities are sitting at home...unemployed. A recent Harris Poll found that approximately 66% of Americans of working age with disabilities are unemployed. Of those who are employed, another 10% are underemployed or work only part-time. This is a terrible tragedy for them, and a huge economic waste for America.

You have an opportunity to address both of these problems. These JTPA provisions can, with your continued recognition and legislative encouragement, help solve both problems. I know, from personal experience that workers who also happen to have a disability can become valuable employees. We need only look around my own company to see evidence of that fact. I have several examples I can share with you, but the limits of time don't permit me to adequately convey to you our Company's conviction that qualified workers can, should, and we believe in the future must include workers with disabilities.

Your provisions to include individuals with "multiple barriers to employment", not just those economically disadvantaged, will open doors of opportunity for increasing numbers of Americans. Your attention to these individuals is particularly important and such opportunities will bear fruit for years, if not generations to come.

Your concept of a "Challenge Grant" within this Act to include "harder to serve" populations is also to be commended. We must recognize that no community, certainly not a great nation, can afford to fail to target "hard-to-serve" youth. It might be easier, in the short run, to move on to more quickly fertile grounds, but in the long run our economic future depends on including more and more of our total population in competitive employment.

As an employer, I also support your inclusion of basic skills and workplace competencies as a measure of performance standards. Long-term placement and retention of unsubsidized employment is an important measure of this program's success. There are two many "pretend work" situations. As an employer, we support your emphasis on "real work" competencies.

We also believe that cooperative efforts between agencies serving youth must also include participants from the private sector. We applaud your recognition of this need in your provisions.

In closing, I would like to remind you that in times of financial difficulty, such as we now face with the federal deficit, it becomes tempting to seek short-term savings. I urge you to remind your colleagues in the Senate that training programs, such as JTPA, are truly an investment in America's future. Just as my company in South Carolina has learned, America must also make investments today if we are to reap rewards tomorrow. Disadvantaged and disabled citizens must be brought into the mainstream of our society. The doorway to that inclusion is through training.

Thank you again for your important work and personal interest in this Act, and for the invitation to appear before you today.

Senator SIMON. I thank you, Mr. Shinn, and let me say that while your statement is a tribute to JTPA, it is also a tribute to you and your company and to the vocational rehabilitation program in your State.

And I note that you are the personnel manager there, and what they are doing wouldn't be happening without Bill Shinn's help, I am sure. So I thank you. I wish we had more people around like you.

Mr. SHINN. Thank you, Mr. Chairman.

Senator SIMON. Susan Dunn, we are very happy to have you here.

Ms. DUNN. Thank you, Chairman Simon and Senator Adams. I am Susan Dunn, an Assistant Commissioner with Employment Security in Washington State. Yes, that is the State with Alar-free apples, and it is currently celebrating its centennial and I hope you will come to join us, as you did a couple of springs ago.

But today I represent the State JTPA Liaison Association. That is 55 people who administer the State JTPA programs on behalf of the governors of the States and territories. We meet periodically to discuss issues, best practices, and I am here today to present our consensus positions on many of your proposed amendments.

Overall, we concur with most of the proposed amendments because support for the basic principles which have made this program so successful remains intact. We know, however, that refinements are needed.

We especially like your refinements in eligibility criteria, including the 10 to 15 percent window which we promise we won't abuse. We also like the year-around youth programming, including the basic skills assistance which is so necessary; in addition, the reallocation of funds between States when States do not maintain adequate levels of expenditure. And, of course, we appreciate the increased fund authorization levels in your proposals.

Now, you know that with the time permitted today, I must concentrate most of my oral testimony on the issues of special concern to governors and their State JTPA administrators, the issues which we believe need your further study and consideration.

The State Liaison Association is concerned with the State set-asides. While we support separate adult and youth titles, by moving 40 percent of the Title IIA funds to Title IIB, the funding base for State set-asides is reduced by 40 percent.

Undoubtedly, Governor Celeste and I will be the only ones to testify on the effect that this 40-percent reduction would have on the governors and their State administrators to carry out our responsibilities.

The 5-percent set-aside for State administration until these proposed amendments has been adequate for medium and large States to meet our mandated responsibilities. We believe that our ability to support our State councils, set State policy and administrative requirements, monitor and audit local program operations, produce specialized labor market information, and provide technical assistance has greatly contributed to the successful performance and, yes, relative lack of negative publicity in JTPA programs.

As an association, we also believe that the small States have been suffering all along from a lack of sufficient administrative funding, and our association has gone on record supporting a minimum allocation for all States.

With the set-aside and formula allocation amendments you have proposed, this must be reviewed now for all States, especially since other proposed amendments place increased responsibilities on the governors for more performance standards, more areas to monitor, more labor market information, and more follow-up information.

Our association, as the most interested party, would be pleased through the National Governor Association staff to work with you on this issue, which we believe can be easily resolved.

Next is the change in the allocation formula's effect on funding to the States and within States. Understandably, our association was unable to reach consensus on these revised formulas because inevitably there are big winners and big losers. What we do overwhelmingly support is the necessity for the hold harmless provisions to ensure gradual versus dramatic funding shifts.

To illustrate the possible effects of these allocation amendments, I would like to use Washington State as an example. In terms of population, we are a medium to small-sized State with an economically disadvantaged population in relative proportion to the rest of the nation.

In terms of unemployment, we have higher than average. In good times, we still lag behind the East and other States, and we never quite catch up before another recession hits. Because of our higher than average unemployment, State and local revenues to address——

Senator SIMON. If I may interrupt you just a moment, I am being called back to that other committee and I am going to turn it over to your fine Senator——

Ms. DUNN. Thank you. I appreciate it.

Senator SIMON [continuing]. Who has shown an interest and a leadership in this area, also.

Senator ADAMS [presiding]. Thanks, Paul.

I want to welcome both of you here this morning. Ms. Dunn, I particularly went to welcome you as a representative of the State of Washington. The reason I am moving in and out is as you mentioned—Alar. I have just been in the Alar hearings and I will return to those later.

But we are very concerned about this, and so I want to welcome you here today on behalf of the State of Washington and, Mr. Shinn, to welcome you. Please continue with your testimony and we are pleased to receive it.

Ms. DUNN. Thank you, Senator Adams, and I also want to just briefly mention that I really appreciate the help of Mary Ann Richardson of your staff. She has been really helpful to us in this effort.

Senator ADAMS. Thank you, Susan.

Ms. DUNN. I don't need to tell you much about Washington State's economy and a little bit about how this allocation formula change might affect us, but if I could proceed.

Senator ADAMS. Please do.

Ms. DUNN. Any formula change which deemphasizes unemployment rates or relative number of disadvantaged in the population will steadily erode our JTPA funding base over time, even assuming the hold harmless provision as proposed.

Locally, the same will occur, making it a rural versus urban county disadvantagement issue. Ultimately, it seems to me there is a danger that Congressional support for JTPA Title II programs would wane, as only the urban counties with large numbers of economically disadvantaged will receive sufficient funding to operate cost effective programs.

Another consideration at this time is validity of the economic disadvantagement data. I understand it is about ten years old. Many of the areas of Washington State that would be affected by this formula change beginning July 1 of this year appear to have significantly higher populations of economically disadvantaged than in 1982 when JTPA passed.

As you know, our State's rural economy has shifted due to such factors as the mechanization of the agricultural and timber industries, resulting in greater production with fewer workers.

In my written testimony, I have touched on other areas that the association supports and other areas of concern to our association. But at this time, I thank you for the opportunity to testify and I am pleased to respond to any questions.

Thank you.

[The prepared statement of Ms. Dunn follows:]

STATEMENT OF

SUSAN DUNN

STATE JTPA LIAISON ORGANIZATION

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

HEARING ON JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

MARCH 16, 1989

Good morning my name is Susan Dunn. I am Assistant Commissioner of the Washington State Employment Security Department. I am pleased to have this opportunity to present testimony on behalf the State JTPA Liaison Organization. Our group is provided staff support through the National Governors' Association, and is made up of the state JTPA administrators from all 55 states and territories. The testimony that I will be presenting today will, to a large degree, reflect the consensus positions of the group which meets to discuss issues of common concern, to share best practices, and to learn of other issues that may affect the JTPA system.

Let me begin by saying that we are pleased that the bill before us addresses many of the critical areas that we believe can improve the system without disturbing the basic concepts of JTPA. Congress adopted four underlying policy principles when JTPA was passed. Those principles are: 1) involvement of the private sector in the design and administration of training programs, 2) program design that recognizes the true principles of federalism, 3) provision of true training, not income maintenance programs, and 4) insistence on performance. It is our strong belief that such fundamental precepts as the present federal, state and local partnerships, the policy-making and managerial role of the Governors, and the flexibility for states and local service delivery areas to develop responses that are unique to geographic, social and economic needs are absolutely essential to the continued success of JTPA. We believe that these legislative principles should continue to guide policy and that all proposed amendments should be consistent with their direction.

We welcome, however, the opportunity to participate in your efforts to improve the efficiency and effectiveness of the JTPA system. We recognize the important role job training plays in the struggle to retain our nation's competitive position in the global economy. The JTPA system stands ready to continue to provide vitally needed training for America.

As we reviewed the history of JTPA, we found a high degree of responsiveness to the guiding principles. First, in the area of private sector involvement, through Private Industry Councils and State Job Training Coordinating Councils, the system has fully integrated the business community into the design and decision-making processes of training. As importantly, the system has been responsive to the workforce needs of businesses. In program year 1987, more than 1.3 million participants received services under Title IIA. Of the more than 760,000 program terminees, 64 percent filled vacant jobs. The program trained workers and provided employers with job-ready workers.

The second principle of true federalism has also been realized. As state officials with primary management and policy responsibility, we work with Service Delivery Areas and Private Industry Councils to make training relevant to the everchanging workplace. It is the unique relationships between the public and private sectors, state and local governments, policy makers, service providers, business, labor and nonprofits that make the system work. We ask that you help us refine these relationships not redefine them. It is the current structure of decentralized decision-making and accountability that fosters innovation. Innovation leads to solutions and solutions to more productive citizens.

The third principle of providing training opportunities not a program of income support has also been accomplished. The Department of Labor reports that the system spent 74 percent of its resources on training. Eleven percent of the resources were used for support services, such as transportation and child care, and fifteen percent was used for administration of the program. The Act targets the economically disadvantaged and places special emphasis on individuals that are welfare recipients, minorities, women and educationally disadvantaged. Over 93 percent of the JTPA clients are economically disadvantaged, 41 percent are receiving public assistance, 46 percent are black, 53 percent are women, and 45 percent lack a high school diploma. This record proves that the system works to serve the targeted clientele. It has also worked to provide true training. In 1987, 58 percent of the program terminees participated in either classroom training or on-the-job training. The average placement wage for JTPA clients was $5.11 an hour. JTPA is providing quality training for good jobs.

The fourth principle for JTPA has been performance. I believe that performance is the real strength of the system. The Act established national performance standards against which performance of local programs is judged. Each year since the JTPA system has been operational, performance has exceeded the national standards. Each year, in fact, performance has improved. In program year 1987, the entered employment rate was 72 percent, compared to the national standard of 62 percent. The program year 1987 welfare entered employment rate was 62 percent and the national standard was 51 percent. The average placement wage national standard was exceeded by 20 cents an hour, for program year 1987. JTPA has clearly succeeded in its original mission.

The system has performed and performed well. The record of success, however, does not preclude the need for refinement of our priorities for service. The economics of the 1990's are compelling justification for the conclusion that we cannot afford to let even one worker remain outside the economic mainstream. The demographics of the year 2000 point out that many in our required workforce will need special assistance in overcoming substantial barriers to employment. Analysis of job trends indicate that it will not be enough to simply possess a skill, workers must have the ability to learn new jobs and new tasks, again and again. The needs of the economy today are very different than the needs of 1983. The time is appropriate, after five years of experience, to assess the performance of the system and to fine-tune its objectives. I would like to now address some of the specifics of the bill.

Targeting of Resources

It is difficult for a group such as ours, that represents all states, to take positions on formulas for distributing funds. There are inevitably winners and losers. We do ask, however, if you do find it necessary to adjust the formula, please retain the hold-harmless provision that minimizes disruptive funding fluctuations. It is nearly impossible to operate effective programs when the amount of money available changes dramatically from year-to-year.

Eligibility Criteria

The bill changes the eligibility criteria for adults by mandating that all Title II A participants meet the economically disadvantaged criteria. We are unable to support this provision since the system has found the 10 percent "window" for eligibility to be extremely beneficial to the program. Eligibility should be broad enough to accomodate differences in labor market needs and demands. There are legitimate cases where non-economically disadvantaged persons with barriers to employment should have access to program services. For example, highly motivated, unskilled workers whose dead-end, low-paying jobs put them just above the income eligibility criteria are likely candidates for JTPA training which could significantly increase their earning power. There is some evidence that persons who are poor by local standards in high cost urban areas are currently excluded from service due to the lack of realistic regional adjustments to the lower living standards income criteria. Meeting the needs of individuals in these special circumstances could be accomplished by retaining the 10 percent "window." Even with the 10 percent allowance, 93 percent of the system's clients are economically disadvantaged.

We support defining youth as 16 to 24 year-olds. This age grouping recognizes that the services needed by some 23 and 24 year-olds can be better provided under Title II-B than by Title II-A, Adult Program Services. However, it may be useful to overlap services for 22-24 year olds by defining adults as 22 and above. We also support the provision for the 10 percent "window" for serving non-economically youth who have other severe disadvantages as well as the additional 5 percent window for youth with the same impediments, if included in the plan approved by the Governor. This will allow the states to serve the needs of a significant segment of the youth population, and will also enhance coordination with other programs that use educational deficiencies as the eligibility criteria.

State Set-Aside Funds

The State JTPA Liaisons are concerned about the possibly unintended effects of moving the 40 percent youth allocation out of Title IIA. Since all the programmatic set-asides are computed as a percentage of Title IIA funding, moving the youth money to Title IIB constitutes a forty percent reduction in the amount of money available through the set-asides, even before legislative adjustments are made to the percentages. For example, in Washington State our six percent incentive set-aside amount was $2,325,427 for program year 1988. Computing the 6 percent on the new IIA allocation, the amount would be $1,395,256. This reduction will effectively eliminate our ability to provide any technical assistance to SDAs, offer meaningful incentive awards, or provide any staff training. At a time when the emphasis of the program is changing, we need additional dollars to support the program, not dramatic reductions. Therefore, we ask that you apply the set-aside percentages to both IIA and IIB amounts.

In general, the JTPA Liaisons believe that the current state set-asides are too restrictive and do not provide sufficient resources for capacity building, research and demonstration, evaluation, technology transfer and follow-up. While all states experience the effects of the restrictions on uses of the set-asides, small states have a particular problem with the lack of adequate resources for administration. The JTPA Liaisons support a minimum administrative allocation amount for all states. Without this minimum allocation states will be unable to meet new requirements, like 6 and 9 month participant follow-up, in addition to current responsibilities for auditing activities, oversight, support of the State Council, and a myriad of other administrative activities. We further ask that you allow states to use set-aside funds for the capacity building, training, and follow-up activities that are needed to continue to offer quality services.

We also recommend that the 2 percent older worker set-aside be eliminated and the money be allocated to the Service Delivery Areas. The JTPA Liaisons agree with the position taken by the JTPA U.S. DOL Advisory Group that older individuals can best be served by mainstreaming the present state-level program with other local programs. States could then be required to assure that older individuals are provided equitable services by the Service Delivery Areas as a significant segment of the population.

Other Title II-B Provisions

We fully endorse the year-round programming, the requirements for a service strategy, and basic skills assistance for each participant. This concept will improve the quality of services, place greater emphasis on assessment, as well as increase the potential for improved coordination with the schools and other available services. We also endorse the provision for a locally developed formula or procedure for providing needs-based payments necessary for youth to participate in the program.

Performance Standards

We believe that the present framework for performance standards should be maintained rather than developing separate performance standards for hard-to-serve individuals. The present system permits states to adjust the

Secretary's performance standards according to the population being served, e.g., low level of educational attainment, and other barriers to employment. This mechanism provides sufficient flexibility to adjust performance standards so that it is possible to serve this clientele and still meet or exceed performance standards. In addition, states have the authority to establish performance standards for "special populations" in their states, and provide incentives based on these standards. Over time, states have gained confidence in managing the performance standard system to achieve national, state, and local policy priorities. Retaining the present system is, without doubt, in the best interest of JTPA.

Replication of Successful Programs

We consider the provisions in Title II-B for replication of successful programs for youths to be an important provision of the bill, but believe this need transcends youth programs. We suggest that you expand this provision to cover programs under both titles.

Intra-State Reallocation of Funds

The state liaisons fully support the concept of reallocation of funds since experience has shown that it is an important management tool in maintaining adequate levels of expenditure. A special management study conducted by NGA indicated that in program year 1987, over half of the States had implemented reallocation policies at that time. By the following year, two-thirds of the states expected to have reallocation policies. However, it is important that the states be provided the flexibility to determine the amount of funds that an SDA or program operator can carry-over without recapturing the funds for reallocation purposes as is the case in the new JTPA Title III. Therefore, we believe that the provisions in the bill that set carry-over limitations for Service Delivery Areas should be eliminated.

General Provisions

We are opposed to abolishing the Commission for Employment Policy. The Commission has provided a valuable service by supporting research in a number of areas vital to JTPA including performance standards, services for special segments of the population, labor market information, and education. In addition, the Commission has served as an independent forum for the deliberation of significant JTPA policy issues. The entire employment and training system would be ill served by abolishing the Commission.

Conclusion

Thank you for providing me the opportunity to present the JTPA Liaison's views on your bill. We hope that our input will assist you in refining this bill so that it will truly enhance the efficiency and effectiveness of Job Training Partnership Act programs.

Senator ADAMS. Thank you very much, Ms. Dunn and Mr. Shinn. I do have a question for you first, Ms. Dunn, and then, Mr. Shinn, I will ask if you wish to comment on it, too.

As I understand, the problem that you are presenting that you want us to consider in the Title II portion of the program is that States like Washington State would be eventually losing, even under the hold harmless agreement, because our disadvantaged students and people that would be helped by the Title II program are concentrating in the urban counties and therefore our rural counties will be left with less and less of an allocation. Is that correct?

Ms. DUNN. Well, particularly in the Title II-B allocation——

Senator ADAMS. Title IIB; that is what I am referring to.

Ms. DUNN. As I read them, it focuses on the number of disadvantaged students rather than the relative number. Certainly, the larger numbers appear in more urban counties.

Senator ADAMS. So you want us to be very careful that we use some type of formula approach rather than straight numbers in doing this, is that correct?

Ms. DUNN. Yes. I would like the formula to take into consideration both, if it can, to make sure that over time we don't have an issue where rural economically disadvantaged young people——

Senator ADAMS. I have a great concern about this. This seems like a week when the whole world is sort of settling down on us. We have the tremendous timber problem, which is a rural problem—many people who are disadvantaged in the sense that they probably cannot obtain urban jobs.

We are having to cut back in these areas and the rural counties are decimated with a large number of disadvantaged people, but a relatively small number compared to the Seattle-Tacoma area. We have had the same thing occur in the Richland area with the reduction of the nuclear facilities there, and we have had the same thing occur in certain of the cherry-producing areas of the State.

So we would be very interested in working with you because Senator Simon and I have discussed this at some length. He has a very good bill and a very excellent point he wants to make, but I can see that the hold harmless is not completely protecting our rural populations and our smaller towns are being decimated.

Is that basically where you would like to have me focus my efforts on this subcommittee?

Ms. DUNN. Yes. Thank you.

Senator ADAMS. Now, Mr. Shinn, I happen to know my State a little better than yours, though I have spent quite a bit of time in yours. Would you like to make any further comments on the bill or on the testimony, or are you satisfied with the presentation you have had a chance to make?

Mr. SHINN. I think any concerns that our State would have would be kind of like Susan's because we are a rural State, too, on the allocation part.

Senator ADAMS. I think we have to face that as we are looking at these programs. That is why we are trying to update them. We are having enormous technological changes that are impacting severely on our rural-urban relationship and we want to try to do what we can to take that into account as we are moving toward the more disadvantaged.

I also want to state that Senator Thurmond was unable to be present due to scheduling conflicts. And believe me, we have them; I just left him a moment ago. However, he would appreciate our entering his statement in the record, and therefore, as Chairman, I will enter Senator Thurmond's statement in the record as though given in full.

[Additional material supplied for the record follows:]

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STATEMENT OF

THE NATIONAL CONFERENCE OF STATE LEGISLATURES

REGARDING

THE PROPOSED AMENDMENTS TO THE JOB TRAINING PARTNERSHIP ACT

MARCH 16, 1989

Denver Office: 1050 17th Street • Suite 2100 • Denver, Colorado 80265 • 303/623-7800

As official NCSL policy states, the social and economic forces that result in skilled worker shortages and disproportionately high levels of poverty and unemployment among certain segments of American society are national in scope and must be addressed by federal policy, legislation, and funding in partnership with the states.

More specifically, such policy, legislation, and funding should focus on three critical areas of concern: (1) the shortage of skilled labor; (2) disproportionately high unemployment among disadvantaged populations, especially youth; and (3) displaced workers.

Regarding the first two points:

1. The shortage of skilled labor projected for the late 1980's and 1990's will have a negative impact upon American industrial growth and, unless addressed, may weaken the national social and economic structure. The changing nature of work and the workplace demands a true state-federal effort aimed at a systematic commitment to the preparation of the workforce. Such a joint commitment should be accomplished with the full coordination of the employment and training and education systems.

2. The employment and training needs of the working and unemployed poor--especially youth--must be addressed through special funds and programs. Exceedingly high unemployment among the nation's economically disadvantaged and minority youth, and the unique problems they face, must be attacked by coordinated national, state, and local efforts utilizing the resources of both the public and private sectors. Such a joint effort should be highly coordinative and innovative with career placement the end goal for the individual.

NCSL believes that a year-round approach in public policy to youth joblessness is generally lacking. While the JTPA should be a major vehicle for school-to-work transition, evidence would indicate that few of those most in need currently are being served by JTPA. Therefore, NCSL applauds your efforts to correct this problem by amending the JTPA to encourage a more comprehensive approach to youth employment and training.

We would specifically recommend that a comprehensive youth program include:

1. An expansion of resources at the secondary school level for basic education and remediation to reverse patterns of functional illiteracy and reduce dropout rates. Youth served should be those least likely to become employed without assistance.

2. Institutionalized school-to-work transition services at the secondary and post-secondary levels, to include counseling, career exploration and planning, job search assistance, and other services that will facilitate entry into the labor market and instill the importance of further education and training, especially for the non-college bound.

3. After-school job opportunities and full-time summer employment, coupled with remediation, should be provided for economically disadvantaged young people who are in high school or who agree to return to an educational program that leads to a diploma or equivilancy certificate. Educational performance and school attendance should be a condition of participation and would be strictly monitored. Special attention should be given to coordination with local Private Industry Councils to provide work and training opportunities in the private sector to enhance the value and credibility of the experience.

4. Creation of work and service opportunities for 14- to 18-year olds who have completed or are completing high school or an equivalency program and want to devote some time to community or conservation service to develop and test their skills, and explore new interests. At least 50 percent of the participants should be economically disadvantaged.

5. Long-term follow-up services to assure that the transition is complete, including incentives for promotions or substantial gains in income for target youth.

NCSL urges a true state-federal partnership to combat this serious national need so that future generations of youth can become fully employed and productive members of society. To accomplish such a partnership, it is important that:

a. Planning for employment and training programs be a coordinated state and local activity;

b. Federal legislation should not be written in a way that vests program responsibility in a specific branch of state government, but that the neutral word "State" be used to avoid conflicts with individual state procedures, practices, and laws;

c. Federal legislation and regulation should establish that state and local administrative structures for federal employment and training programs shall be pursuant to state law, such as (1) which agencies shall administer the programs, (2) within federal guidelines, how planning and evaluation shall be conducted and how program data shall be collected and disseminated, and (3) what implementing, appropriating, and oversight authority shall be retained by the state legislature;

d. Federal legislation should be written in a way that builds upon state and local initiative and innovation;

e. The private sector, especially small business and industry, must be involved in all aspects of the employment and training process, from planning to assessment;

f. Allowances, stipends, program activities, and support services should be neither mandated nor prohibited, but allowed flexibility in keeping with program design and the needs of individual clients;

g. Federal and state action should facilitate the coordination of all education, skill training, and employment services, both public and private. Such coordination should include mutual advisory board memberships, coordinated planning, and exchange of information on a timely basis. The federal government should not encourage the proliferation of needless advisory mechanisms.

h. Employment and training programs should be assessed annually with the oversight assistance of the state legislatures to determine the extent to which they are meeting the goals of coordinated national and state policies and program objectives.

The National Conference of State Legislatures, the representative organization of the nation's state legislators and their staffs, is pleased to be a part of this process to improve the delivery of services under Title II of JTPA. We look forward to working with the committee further as it progresses in its work on this legislation.

Senator ADAMS. I thank you both very much for being here, and the committee will stand in recess.

[Whereupon, at 11:11 a.m., the subcommittee was adjourned.]

JOB TRAINING PARTNERSHIP ACT YOUTH EMPLOYMENT AMENDMENTS OF 1989

THURSDAY, MARCH 30, 1989

U.S. Senate,
Subcommittee on Employment and Productivity,
Committee on Labor and Human Resources,
Los Angeles, CA.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 350, Session Room, Board of Public Works, 200 N. Spring St., Los Angeles, CA, Senator Paul Simon (chairman of the subcommittee) presiding.

OPENING STATEMENT OF SENATOR SIMON

Mr. **Simon**. The Subcommittee hearing will come to order.

We are having a hearing on a bill that I have introduced, S. 543, to amend the Job Training Partnership Act.

What we are trying to do is to see if we can target the economically disadvantaged more effectively. At this time, let me acknowledge the leadership of a dedicated person from this area, Congressman Gus Hawkins who has been a pioneer in this whole field. Congressman Gus Hawkins will also be introducing some legislation on the House side very shortly.

The Advisory Committee set up by the Secretary of Labor has just issued a report following along the same lines as the bill I have introduced.

The difficulty of the present program—and it is a good program—is that we had a problem with what is called "creaming." We are looking for those "easy" results, and frankly what we have to do is target more effectively and that is what we want to take a look at today.

The National Council of La Raza has issued a report regarding JTPA and Hispanics called "Falling through the cracks: Hispanic Underrepresentation in the JTPA."

We have to do better, I think we can do better.

I note the presence of the President of the City Council here, and before I take any other witnesses, let me call on the President of the City Council. We are honored to have you here, Mr. Ferraro.

Mr. **Ferraro**. Senator, let me say that we are honored to have you here in our City Council Chamber, and I just wanted to come by and personally welcome you to the City Hall, and thank you for coming here. There are a lot of problems in the City of Los Angeles as I am sure you know there are a lot of problems all over the country, but we appreciate you coming here to Los Angeles. You will be hearing from one of my outstanding colleagues—Richard Alatorre—in a few minutes, and we just appreciate you being here, and I just wanted to personally welcome you.

I haven't seen you since last year with Mike Roos and Richard Katz if you remember.

Mr. SIMON. You give my greetings to your neighbor Mike Roos; he is a longtime friend.

Mr. FERRARO. I sure will.

Mr. SIMON. I have to say, you are probably the tallest City Council President in the United States.

Mr. FERRARO. I am of Sicilian origin. My mother and father were Sicilians and people say that I am the world's biggest Sicilian. So, I don't know if that is good or bad.

I am not a member of the Mafia I might add.

Mr. SIMON. We thank you, very, very much, and I appreciate your hospitality and your courtesy in stopping by.

Mr. FERRARO. Thank you, Senator.

Mr. SIMON. Our first witness will be a member of the City Council here who Chairs the Police, Fire and Public Safety Committee of the City of Los Angeles, Councilman Richard Alatorre.

We are very, very happy to have you here.

STATEMENT OF COUNCILMAN RICHARD ALATORRE, CHAIRMAN, POLICE, FIRE, AND PUBLIC SAFETY COMMITTEE, CITY OF LOS ANGELES

Mr. ALATORRE. Maybe you are aware, and I believe that Councilman Farrell should be here momentarily, who happens to be the Chairman of the Grants, Housing and Community Development Committee. Jointly we submitted a report to you for the record, and I don't want to read the entire lengthy document, but what I would like to do is just basically give you a overview of how the City of Los Angeles views the JTPA program.

I want to just take this opportunity obviously, to thank you for coming to the City of Los Angeles.

My name for the record is Councilman Richard Alatorre, and I represent the 14th Council District on the eastern part of Los Angeles.

I have a strong and continuing interest in providing alternatives to young people who see no possibility for their lives except gang membership, drugs and resignation.

The statistics are compelling here in the City of Los Angeles. The dropout rate is around 40 percent; one out of every five young adults is illiterate. More than 300,000 students, over half of the School District come from economically disadvantaged backgrounds. 145,000 city school students have limited English skills and speak over 120 different languages in Los Angeles. Of the 35,000 to 50,000 homeless in our city, at least 10–15,000 are youths. At least 70,000 young people are gang members. 20,000 girls become teen mothers each year.

I firmly believe that we can reach these young people and they can learn that their lives can in fact make a difference, but they cannot simply be placed on a straight job training track, they need remedial education, counseling, family assistance, role model programs, gang and drug diversion programs and other assistance.

We spent $9-10 million for youth job training this year in addition to the summer youth employment. I am not sure whether the money that we are spending on a yearly basis has been spent well, or that JTPA is working. The present rules are almost for participating agencies to recruit only employable people, since agencies are mostly paid for their successes. It takes considerably more effort and more effort and time to work with a person who has no history, or has no solid job history and experience, few reading or writing skills. What incentives are given these agencies to seek out these kids and develop programs for them?

A local government such as ours needs flexibility to design programs so that they can meet both the national and local agenda. We have some experience in what works best here such as work experience when combined with classroom training and basic skills, value clarifications and pre-employment skills. Jobs are retained longer when job training takes place over a longer period of time, in short or more absorbable learning sessions. Incentives and stipends are important to continued participation in these programs. Integrated programs where more than one course or skill are presented concurrently and certainly more effective than courses presented by themselves.

As a member of the Grants Committee, I supported the Community Services Center program which will provide comprehensive job training, and support services to disadvantaged youths at five of the City's housing projects. This program was already designed under the present JTPA guidelines and will be expensive to implement. This is the kind of program that I believe JTPA was designed to fund. One that targets youths who might not otherwise develop the background in skills to become employable and productive citizens.

As Chairman of the Police, Fire and Public Safety Committee, I have authored a Youth At-Risk Advocacy Program. The staff is charged with developing policy, coordinating and developing a comprehensive community plan, and funding additional programs for divine categories of At-Risk use. This program is housed in the same department which administers the JTPA program and is expected to work in concert with JTPA.

So in closing, I appreciate the interest in local concerns, and I trust that there will be flexibility and a partnership between local and federal entities in designing the final JTPA legislation, while on the one hand the weight and the rigidity in the federal mandates that creates certainly difficulties for local entities. There certainly is no doubt that a program like the JTPA is needed. But I think that we have to allow for the flexibility by local entities to deal with the priorities as we view them here at the municipal level.

It seems to me that when we are talking about trying to reach out and trying to work with youth that have difficulty in not only school, but more importantly usually at a certain age have had run-ins with the law, that local entities have got to be given the flexibility that is necessary. Guidelines certainly are important, but those guidelines have to provide for the flexibility for local entities like the City of Los Angeles to design innovative programs that ultimately are going to meet the needs of the young people as well as the adults that this program was targeted to meet.

With that I will be more than glad to answer any questions.

Mr. SIMON. Thank you.

Mr. ALATORRE. Let me introduce you to two individuals that probably best exemplify success of the JTPA program.

First, let me introduce to you Arley Hermosillo, a JTPA participant for the Chicana Service Center, Incorporated.

Secondly, Mr. Vernon Randolph, a JTPA participant in the UCLA High-Risk Youth Project, the Duke Ellington Continuation High School.

These individuals will make their presentations and when it is all said and done with, I think that their input is extremely important in the framing of any changes in the JTPA program.

Mr. SIMON. Thank you, very, very much.

STATEMENT OF ARLEY HERMOSILLO, A JTPA PARTICIPANT FOR THE CHICANA SERVICE CENTER, INC

Ms. HERMOSILLO. Good morning.

My name is Arley Hermosillo and I am here from the JTPA Chicana Services.

I went through the agency from Chicana, a center of JTPA in San Fernando Valley, referred me to Chicana Services and I filled out an application. I was looking for a job. I am a widow and I have two children. I was out of work, I didn't want to submit to welfare, I wanted to work and I told my children that they could either see me, that I wanted to go ahead with my life and not be dependent on anybody else and show an acceptance to my kids because I want them to go to college, to see that I am working for them and they can go on to school. I don't want them to be in gangs or drugs or anything like that. I dropped out of high school which I regret very much. I was a teenager who didn't know what I was doing, but now that I am adult, I want to go ahead with my life.

I know that the program helps and it has helped me very much. Now I am a receptionist at L & M Collection Agency and I am doing better, and I have a car now. This has helped me a lot and I think it would help a lot of other people and teenagers to go ahead, to show them that there is someone there to help them, to go ahead with their life. I am really sure that this helps a lot and I hope it helps other people, and I am here to show what it has done; I want to move ahead. I am just thankful for all that.

Thank you very much.

Mr. SIMON. If I may just ask you a couple questions, what would you like to be doing 5 years from now?

Ms. HERMOSILLO. Maybe I would like to be managing an office or owning a business; I want to move ahead. I plan to go back to school to show my children that a single mother doesn't need welfare, you know. I want to be an example for them too. They help me a lot.

Mr. SIMON. As I was reading your story, your husband was killed in a tragic automobile accident.

Ms. HERMOSILLO. Yes.

Mr. SIMON. We don't mean to be picking on you, but we understand the legislation through individuals. The reality is you are a school drop out as you mentioned. We have through our present program zeroed in primarily on giving jobs to people who are high school graduates—unfortunately when you compare the JTPA program with the predecessor, the CETA program—the opportunity you got as a high school drop out has meant what to you?

Ms. HERMOSILLO. I feel like if this agency wasn't there, that I would probably turn to welfare and just stay there, you know, I needed the training, help support—I am moving up—and I think if it wasn't there I'd probably be a single welfare mother, and I don't want that, so they helped me.

Mr. SIMON. We thank you, very, very much, and we thank you also for coming down. It is not easy to get in front of a microphone and get in front of a member of the City Council and United States Senator here, but what we are talking about here is not just your future, but we are talking about your two children.

Ms. HERMOSILLO. And other people too. Other single mothers. Like I am here so they can help other people too, like how they helped me and for my children too.

Mr. SIMON. I thank you, very, very much.

Vernon Randolph?

STATEMENT OF VERNON RANDOLPH, GRADUATE, DUKE ELLINGTON CONTINUATION HIGH SCHOOL AND JTPA PROGRAM

Mr. RANDOLPH. My name is Vernon Randolph. I am a graduate from Duke Ellington High School.

During that time at Duke Ellington High School, I was a part of the JTPA program. I must say that the program has helped me out a lot because it has given me interest in a field. Beforehand I was doing camera work for American Cable Systems in Inglewood, but I wasn't really interested in it.

The JTPA program has also helped me out school-wise, credit-wise, by comparing work to education such as math and English.

Mr. SIMON. You had problems in school?

Mr. RANDOLPH. Yes, sir, I did. In regular high school wasn't interested in going to class, I was pretty much ditching class and skipping. To me everything was pretty much the same, learning the same old math and history and English, so I wasn't interested, so I just skipped class a lot.

Mr. SIMON. And you were part of a High Risk Youth Project.

That is your legislation, Councilman, that you introduced?

Mr. ALATORRE. That's correct.

Mr. SIMON. And how did you get picked for this particular UCLA project?

Mr. RANDOLPH. We weren't exactly picked; we were given a choice as to whether or not we wanted to participate in the UCLA project. So I decided to take it. I heard all this stuff about the project and how they could get jobs and how it would help us educational-wise, so I decided why not give it a try. When I went to Duke Ellington, my grades had went up. I was very interested in the class, especially because the teachers helped and took an interest in me.

Mr. SIMON. And what has this meant for your future?

Do you feel better about your future and your hopes as a result of this?

Mr. RANDOLPH. Yes, sir. In fact I was thinking about being a producer instead of just being an ordinary camera man; a producer's assistant.

Mr. SIMON. That's great. We thank you, very, very much, for being here.

Councilman, can you describe your High Risk Youth Project?

Mr. ALATORRE. Let me just explain what the program does, but more importantly, and I think Mr. Porter, who will be speaking, can talk at length as to the youth programs that we are establishing in five housing projects, really gearing the program to what I believe this program is supposed to be all about.

The City of Los Angeles like many other cities, spends a lot of money on programs for youths, but unfortunately we many times have no policies, we have no direction, we kind of flounder and we have a hodge-podge as opposed to what I consider to be a very serious problem as it relates to High-Risk Youth.

We have developed an advocacy program which basically the responsibility is to develop a policy and also grants that are funded, that are geared toward youth has got to be consistent with that policy, and any new programs have got to work toward the various differences in geographic areas. You know, even in the City of Los Angeles, and when I talk about flexibility, I am not just talking about flexibility for a municipality, but also even here in the City of Los Angeles, approaches in geographic area of the City, may work with that area, but do not necessarily guarantee success in other areas, and let me cite you an example.

The gang problem in say South Central Los Angeles which is basically motivated on process, is totally different than approaches are totally different than the gang problem in the District that I happen to represent which is basically territorial in nature. And certainly I hope that it doesn't come to the day where you question the process; basically dictates gang membership and dictates how a area is going to be controlled and the like. But the program basically recognizes those geographic differences and the various programs that we are attempting to establish, would also recognize those geographic differences because I really firmly believe that we have got to begin to take chances because just looking at statistics here in the City of Los Angeles, I mean it's frightening. Just in my District alone, as an example, the reading levels of kids, you know, are three or four grades below, and those are kids that are graduating. We are not even taking into account those that have already dropped out, were probably depending on schools anywhere from 40-50-60 percent of the kids drop out before they even graduate. They drop out somewhere between the 10th grade and the 12th grade. Ms. Hermosillo as an example, made it to the 11th grade. There are many kids that don't even make it to the 10th grade But even for those that do make it to the 10th grade, in some high schools as many as 60 percent of them, will never see graduation. And our responsibility has to be to try and move them so that they can become productive members of the society, because I am of the opinion that school is geared for the academic achievement. It is not geared for those that maybe are not bound for college. Yes, we have to strive for that, but we also have to make education as well as these programs, geared for those individuals that are maybe not college bound, can become functional in this society and given an opportunity. These are two individuals that are probably examples of thousands of kids that have been given the opportunity through the JTPA program, but there are so many more because of the rigidity of the guidelines that it is difficult for local entities to develop a program that meets our needs, because the guidelines are somewhat rigid, and I think there has to be flexibility for entities.

Mr. SIMON. You mentioned one other area. I also happen to be on both the Education Subcommittee and on the Budget Committee. We devote two percent of our federal budget to education if you exclude the school lunch program. I don't know of another nation, rich or poor, that devotes that small a percentage of its national budget.

Mr. ALATORRE. It's outrageous; I mean it's absolutely outrageous. I know that you have been in the forefront of very progressive measures that relate to really channeling our resources in a sane and constructive manner, but something has to be done.

We are going to ultimately live or die by our abilities to develop a foundation and to educate our children. As rich as this nation is, as great as this country is, the fact that we spend, you know, up to two percent of our budget on education, is deplorable. Absolutely deplorable.

Mr. SIMON. On the JTPA Program specifically, do you have the feeling that we are not targeting very effectively?

Mr. ALATORRE. No. I mean I think that the program is fine for basically kids, that, yes, maybe he dropped out of school, or kids that are not interested in staying—it is basically reaching, you know, all the kids need it. Like we have some schools that are doing in gangs and they are doing it in gangs because there is no other option. I mean they are not happy in school. Many times it is difficult to even get somebody interested in taking a chance with these kids because more than likely they have had contact with the police, some of them have been incarcerated. Some of them, most of them, some of them have been abused kids. They are obviously drop outs, but we have bright kids out there that if given the opportunity and our local management is given the flexibility, we could begin to meet the needs of these kids, but I think that the way that these guidelines are structured, it's kind of like we go for sheer suggestions. And it kind of works to the disadvantage of those kids that are marginal and probably need to have as much or greater than others.

Mr. SIMON. I thank you for your leadership.

I have been handed a note that the gentleman who has joined the table, heads the UCLA program.

Let me thank you for your testimony, and I know you have other things to do, Councilman, and I appreciate your being here and also your leadership.

Mr. ALATORRE. Thank you, Senator.

STATEMENT OF ROB SCHUMER, ASSOCIATE DIRECTOR OF FIELD STUDIES, UCLA

Mr. SCHUMER. Thank you, Senator Simon. My name is Rob Schumer. I am the Associate Director of field studies, UCLA.

If you would, I would like to give you just a little background.

Mr. SIMON. You will have to make it brief here.

Mr. SCHUMER. The intent of the program was to have UCLA work collaboratively with the L.A. Unified to the end to do some of the things that Mr. Alatorre talks about, and that is to begin to reform the school system so that we can prevent a lot of these drop outs and other potential JTPA participants who would eventually get into the system.

The goals of the program is to try to infuse the tutors who work with the continuation school and to get people like Vernon who didn't seem to have much direction, who had histories of failure and truancy, to begin to think about the operations that we talked about, to aspire to a career.

Mr. SIMON. Do you work with the JTPA program quite a bit?

Mr. SCHUMER. Yes.

Mr. SIMON. And it is your impression that we are not targeting as effectively as we should?

Mr. SCHUMER. I would suggest that we are not targeting as effectively as we should. One of the reasons that we chose to work with the continuation school is that all of the students who were at the continuation school, have gotten there because of truancy and behavioral problems and have already had problems in the system, so the continuation school serves in time as the next step before students intend to drop out of school. So we are serving that population, but I think that it would be very helpful for us to get the School District—it is part of our problem in getting the School District to take a serious look at students who are not achieving, and to begin to change their system to allow students to look at their careers and aspirations and build an educational system for the support that UCLA provides to do the job that needs to be done.

Mr. SIMON. We thank you.

Let me particularly thank Ms. Hermosillo and Mr. Randolph. It takes special courage on the part of both of you to come here, and we really appreciate it. We wish you the very best, and by coming and speaking out here, you are helping to make opportunities for others. We appreciate it.

Tell those two children they should be proud of their mother.

Ms. HERMOSILLO. Thank you very much.

Mr. SIMON. Thank you, very, very much.

Our next panel is composed of Mr. Steve Porter, the Assistant General Manager of Community Development Department, City of Los Angeles; and Mr. Russell M. Frandsen, the Vice-Chair of the Los Angeles County Private Industry Council.

Let me say to these witnesses and the succeeding witnesses, if you wish to enter a formal statement in the record, we will do that; if you wish to summarize what you have to say, that might be helpful for us here.

Mr. Porter, we will start with you.

STATEMENT OF STEVE PORTER, ASSISTANT GENERAL MANAGER, COMMUNITY DEVELOPMENT DEPARTMENT, CITY OF LOS ANGELES

Mr. PORTER. Yes. I am Steve Porter, Assistant General Manager of the City Community Development Department. I have been in the City of Los Angeles for 15 years working in employment training programs, and in fact established and directed the employment and training program from inception to its conclusion, so I am speaking with some foundation in terms of legislative history, and I would like to applaud you and the individuals you work with in the U. S. Senate for suggesting what we consider very fine amendments to the Job Training Partnership Act legislation.

Our major concern focuses on 14 areas, and we submitted a lengthy written report to your staff which has been made available this morning. Essentially apart from—and I would like to highlight seven of the 14, but apart from that, our central concern is with the appropriation process, in that since the inception of CETA to the mid-70's, we have moved from a $10 billion employment and training program under CETA, to one approaching the $3 billion level. So for us at the local level as a service delivery area, we are confronted with diminishing resources and increased needs.

I would like to quickly go through the seven areas if I might.

Firstly, we support your proposal to create separate titles for youth and adult. Back in the early 1970's administratively, we segregated youth and adult programs within our department because it made sense that developing youth programs separate and apart from adult programs, related to the specific needs of each target group. So we applaud that change.

In terms of the age grouping we would recommend that the age that you have established for 16 to 24, be reduced to include 14 year olds—14 to 24. And the reason we want to do that is many kids of a younger age within the 14 and 16 year age group, are dropping out of school at an early age and need assistance as do the older youth.

In addition to that, I am not sure how the legislation is going to be structured, but in terms of segmenting youth from adults, we like the flexibility provided in the adjustments so that individuals categorized in the youth group, be it 16 to 24 or 14 to 24, be allowed to enter the adult program if appropriate.

And secondly, the SDA strongly supports the development of the dual performance criteria, one set for youth and a second for adults.

Again, going back to what Councilman Alatorre said, we need a separate set of performance standards so that we can really serve the hard to serve economically disadvantaged. Those are the chronic problems and multiple barriers in employment. And we really, historically, since the inception of CETA, had difficulty with the performance standards because of Private Industry Council insist that we meet the five performance criteria to enable us to receive the bonus money from the state. So if you are going to segregate the performance standards and allow some sort of flexibility of 10 percent window or whatever for the most at risk, it will certainly help us in dealing with groups like the homeless, at-risk youth gang members and those groups.

The third point is on stipends. Without stipends or learning reinforcements for youth, we can't serve the most disadvantaged. Poor kids can't enter programs without some kind of income flow.

Fourthly, we understand the need to limit carry over to perhaps 10 or 15 percent, but I think you need to look at not only the appropriation, but the approval and accounting for that. So someone that goes through a 16 or 17 month program, or something beyond 12 months, can be carried forward without the SDA or the Administrator being faulted in terms of that process.

Fifthly, in terms of the formula change while it positively impacts on the City of Los Angeles, we think it might be better to wait until the 1990 census data is available, and that a data base that is understood and accepted by all can be implemented uniformally in terms of that formula.

And, sixth, in terms of the set-asides for different groups, older workers and others, we very much support that, but in terms of state set-asides, it would give us greater flexibility if that money was passed directly down to the local level, because when the state overlay policies are established, it precludes our flexibility to administer the program in Los Angeles.

And the last point is number seven. In terms of your preference for enhancing linkages such as those of UCLA with local educational agencies, we definitely support that, and in fact we submitted some language that would broaden those provisions whereby we would be able to use instructors that are state certified from local unified school districts to work on-site at community based organizations.

That basically concludes our remarks.

Mr. SIMON. I thank you very much.

We will enter your full statement in the record.

[The prepared statement of Mr. Porter follows:]

TESTIMONY OF STEVEN M. PORTER

Assistant General Manager
Community Development Department
City of Los Angeles
March 30, 1989

Good Morning ladies and gentlemen. My name is Steven M. Porter. I am the Assistant General Manager of the Community Development Department, City of Los Angeles. I have managed employment and training programs for the past twenty years.

I wish to thank you for the opportunity to comment on this important piece of legislation. My staff and I have carefully reviewed the proposed legislation and applaud your efforts to improve upon what is already a very fine system. The overall sixty percent reduction in funding for employment and training programs since the inception of JTPA, however, has been a constant frustration. We support your current efforts to increase funding for employment and training programs.

Our comments on the proposed changes to the legislation are as follows:

I. THE CREATION OF SEPARATE TITLES FOR ADULT AND YOUTH PARTICIPANTS

The SDA supports the proposal to create separate Titles for youth and adults. This change would allow for better coordination of all youth services.

We also recommend that youth be consistently defined as ages 14 through 24. Flexibility should be incorporated to serve youth in adult programs when it is appropriate.

II. SEPARATE PERFORMANCE STANDARDS

The SDA strongly supports the development of one set of performance standards for hard-to-serve individuals and a separate set of performance standards for all other individuals receiving assistance under this act. Hard-to-serve should be defined at the local level.

III. STIPENDS AND LEARNING REINFORCEMENT PAYMENTS

Stipends and learning reinforcement payments are critical if JTPA is to provide long term training for hard-to-serve individuals and should be included within the proposed legislation.

IV. 10% CARRYOVER LIMIT

While the SDA understands the need to better control underexpenditures it does not support the proposed 10% limit on carryover. The definition of carryover should be expanded to include both contractual obligations and accruals.

V FORMULA CHANGE TO IMPROVE THE TARGETING OF FUNDS

The SDA supports the effort to improve the targeting of funds to economically disadvantaged individuals. Until an accurate national database becomes available, however, the SDA is concerned that a sufficiently accurate formula cannot be developed.

The SDA supports reserving 10% of Title II-A funds for experimental programs to provide services to hard-to-serve individuals and exempting these programs from performance standards. It is suggested that SDAs have the option of increasing this amount to a maximum of 25%.

VI. STATE LEVEL SET-ASIDES

The SDA supports the concept of setting-aside funds for special programs, such as State Education Coordination Grants (8%), Incentive Grants (6%), and Older Workers Program (3%). In order to be more effective, it is recommended that these set-asides be passed directly to SDAs and controlled at the local level. For example, the current policy in California sets-aside 50% of the 8% funds exclusively for the State's Welfare Reform Program (GAIN).

VII. LINKAGES WITH LOCAL EDUCATIONAL AGENCIES (LEA's)

The SDA strongly supports this legislative mandate. The SDA recommends that funding allocations to LEA's include set-asides for hiring basic skills instructors to work on-site at community based organizations (CBO's). Such teachers would be employed by the LEA and placed on-loan to the SDA to provide basic skills remediation to JTPA participants. The City currently operates such a system utilizing pre-GAIN 8% savings.

CLOSING REMARKS

Again, Senator, I commend you in your efforts to strengthen employment and training assistance programs and to improve the targeting of services to economically disadvantaged individuals. We are encouraged by your concern at the national level to place a stronger emphasis on education and basic skills in employment and training programs.

We hope that the comments presented by the City of Los Angeles will influence you to place even more emphasis on control and flexibility of employment and training programs at the local level. This brief presentation is supported by eleven pages of written testimony which you have before you.

Mr. **Simon**. Mr. Frandsen?

STATEMENT OF RUSSELL M. FRANDSEN, VICE-CHAIR, LOS ANGELES COUNTY PRIVATE INDUSTRY COUNCIL

Mr. **Frandsen**. Senator Simon, I am Russell Frandsen, Vice Chairman of the Los Angeles County Private Industry Council. I am one of the business representatives on the PIC.

I have specific comments relating to some portions of your Bill.

The Los Angeles County contains significant numbers of hard to serve youth who would be aided by the amendments that you have proposed. We anticipate that the funding for Los Angeles County would be increased by 16.8 percent if the funding formulas are implemented.

With respect to the composition of the Private Industry Council, the Los Angeles Private Industry Council has a very effective organization, it was designated as the outstanding PIC in California last year. It was nominated by Governor Deukmejian to the White House for a merit award, and I understand that we were awarded the award of second in the country in terms of outstanding Private Industry Council.

We are structured as a non-profit corporation but the PIC members may have the same protections and privileges and authority as board members in private non-profit corporations. Currently we have 20 members—funded positions—with whom 12 are business men and women. They represent both large companies and small companies. They have a great variety of management skills; most of them have bottom line responsibilities.

As a result, they bring to the PIC an entrepreneurial outlook a willingness to look at new approaches, to abandon those that do not work, and to insist above all on effective performance by the Private Industry Council staff, and by the agency that deal with the PIC.

Since I believe that the success of the Los Angeles County Private Industry Council is due in large measure to the input of business representatives, and its executive director, I do not believe the role of business representatives should be diminished on the PIC.

As I will outline in a moment, I believe we have had very successful relationship with community based organizations, and we certainly have their input. They are at every meeting that we have.

At the present time I would urge you not to set rigid quota participation by various groups.

Now, if you wanted a different or fresh perspective on the PIC, you might consider mandating participants to serve a one or two year term on the PIC. This might be supported by a stipend so that they would be able to afford both the time and the transportation to attend the PIC meetings.

With respect to job training, the Los Angeles County Private Industry Council, together with the Los Angeles Economic Round Table, conducted a survey to determine which of our local industries would provide the best opportunities for JTPA participants to find rewarding, satisfying and long term employment within those industries. We targeted 37 industries and 32 trades which we deemed to be growth industries within our various communities. We are now using these various trades with our service providers to target the training so that when participants complete the program, they will have an excellent opportunity for an excellent job in a growth industry.

I have attached as you will note, graphics that indicate where the jobs are.

We are also concerned about the long term success of our training programs. We have commissioned a study to find out how effective the training is in the long run.

Attached to my testimony is a graphic outlining the success. At 13 weeks after termination, we had 81 percent of participants still employed and after nine and a half months, we had 75 percent still employed. 42 percent were still with the original placement employer. The others generally moved up to high paying and better jobs. But we considered the fact that they are no longer with the original employer, basically a positive development.

With respect to hard to serve youth, we have already increased the focus of hard to serve youth. We term them at-risk youth and we require that 35 percent of the resources we expend on at-risk youth to meet two of the following criteria: A school dropout, a criminal offender, a gang member or gang affiliation, handicapped, teenage parent or low academic achievement.

We have also undertaken some very creative programs to help those most in need. One is what we call Project New Start.

Project New Start will serve initially up to 20 women by providing 24 hours care in a structured residential environment with extensive training and support services that will enable each participant to become stable and independent.

The program will operate on a three month cycle with a six month cap on participation.

When the PIC approached other organizations in the state including the County Department of Children Services, the Public Social Services, Health, Probation, the Sheriff, the State Department of Rehabilitation, two school districts, and the Arch Diocese of Los Angeles and two foundations, we received enthusiastic support. We have been able to leverage the PIC on $5,000 per participant with $6,000 from other organizations.

We have great hope that this will prove very effective in the lives of the participants.

As you can see from my testimony, the Los Angeles County PIC has been very supportive of innovative approaches and bold steps. We support the "Fair Chance" Youth Opportunities Challenge Grant.

May I also suggest that innovation be encouraged at the local level in every respect so that we can assess the needs on an individual locality basis and come up with those programs which are most essential in serving their needs.

I also have some other suggestions for you. The PIC basically attempts to treat a single problem, a manifestation of much deeper social problems in our community. The JTPA program while it can help to elevate certain symptoms, cannot fault the basic issues and problems. Councilman Alatorre described some of the big problems which will require solutions beyond JTPA, and I believe they will require solutions that require new approaches and new innovations that have not yet been tried at the federal level.

So, I urge you to reevaluate the current approaches at the federal level to allow the problems to be solved by individuals in this state and federal level and private sector approaches.

Thank you.

[The prepared statement of Mr. Frandsen (with attachments) follow:]

TESTIMONY BEFORE THE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

TESTIMONY OF RUSSELL M. FRANDSEN,
Vice Chairman,

Los Angeles County Private Industry Council

March 30, 1989

RMF972:95020PIC

Senator Simon and other members of the Subcommittee on Employment and Productivity:

I am Russell M. Frandsen, Vice Chairman of the Los Angeles County Private Industry Council. I was appointed by Supervisor Pete Schabarum of the Los Angeles County Fifth District. I am a business representative on the Private Industry Council. In the private sector, I am partner of the national law firm McKenna, Conner & Cuneo. I am pleased to present testimony before your Subcommittee today. I have reviewed the proposed changes to the job training partnership act as set forth in Senate Bill 543. I have specific comments relating to various provisions of the Bill.

FUNDING FORMULA IMPLICATIONS FOR LOS ANGELES COUNTY

Los Angeles County contains significant numbers of hard to serve youth who would be aided by the amendments to the allocation formulas proposed in the Bill. We anticipate that funding for Los Angeles County would be increased by 16.8%.

COMPOSITION OF PRIVATE INDUSTRY COUNSEL

The Los Angeles Private Industry Council has formulated a successful and effective organization and was designated as the outstanding private industry council in California last year. Governor Deukmejian has nominated the Los Angeles Private

Industry Council to the White House as one of the outstanding private industry councils in the Country.

Our Private Industry Council is structured as a non-profit corporation with the members of the Private Industry Council serving as the board of directors. This arrangement allows the PIC members to serve effectively with many of the same rights, powers, and protections which their counterparts in the private sector enjoy when serving on boards of directors. The Private Industry Council has its own independent staff headed by our very able Daniel Flaming as Executive Director. The staff reports directly to the Private Industry Council and is responsible only to the Private Industry Council.

The Private Industry Council currently consists of 20 positions, of whom 12 are business men and women from the private sector. The businesses represented include small businesses, attorneys, and representatives of large corporations. These business representatives bring a variety of much needed management skills and perspectives to the Private Industry Council. Our Chairman is Rod Hanks, Vice President of Human Resources for Lockheed Corporation. /The Chairman of our Budget and Contract Pricing Committee is Richard Balsmeyer, a small businessman in the computer business, who has a keen eye for budgets, expenditures, and determining that the PIC gets the most value for every dollar spent. The Chairman of our Operations and Oversight

Committee is Arthur J. Hirshberg, a small businessman who is involved with the footwear manufacturing industry. He is very perceptive in analyzing the operations of the Private Industry Council and its contractors and in spotting incipient problems and finding solutions before they develop into large problems. Likewise, the other business members bring much needed business skills and perspective to the Private Industry Council from the very competitive Los Angeles business community. These business representatives are volunteers who donate their time. For most of them, the time devoted to the Private Industry Council is time taken away from their business activities and has a direct bottom line impact on their own financial affairs. These business representatives have no vested interest to protect and none of them are direct grant recipients or contract recipients of funds administered by the Private Industry Council.

The entrepreneurial outlook which the business representatives bring to the Private Industry Council fosters creativity, new approaches, a willingness to reevaluate old approaches, and insistence on effective performance by the Private Industry Council staff and by the contractors with the Private Industry Council.

Of course the non-business representatives also bring very valuable contributions to the Private Industry Council, particularly a knowledge of how governmental agencies operate and specialized knowledge of governmental programs intended to foster education and employment.

Since I believe that the success of the Los Angeles County Private Industry Council is due in large measure to the vision, perspective, and management skills of the business representatives and the PIC's Executive Director, I do not believe that the role of the business representatives should be diminished. Accordingly, I believe it would be a mistake to include in any legislation formulae mandating that a certain percentage of members of private industry councils be from this group or that group. As I will outline in a moment, our Los Angeles County PIC has been very successful in reaching out to all community based organizations, and state and local governmental entities to assure a successful PIC program.

In fact, the business representatives have demanded it. At the present time, the composition of the Los Angeles County Private Industry Council would not conform with the quotas set forth in the proposed legislation. I urge you to delete the quotas from the proposed legislation.

JTPA PARTICIPANTS AS PIC MEMBERS

A fresh perspective to private industry councils could be achieved by asking a JTPA participant or former JTPA participant to sit on the private industry councils. This could be accomplished if legislation enabled a stipend to be paid, where appropriate, to a JTPA participant who would not otherwise be able to participate on a private industry council. The participant could be selected by the business representations on the PIC.

TARGETED JOB TRAINING

The Los Angeles County Private Industry Council, together with the Los Angeles Economic Round Table, commissioned a study of growth industries in Los Angeles County which would provide the best opportunities for JTPA participants to find rewarding, satisfying, long term employment. The survey targeted 37 industries in Los Angeles County which expect significant growth and employment opportunities. Within the 37 industries, the survey targeted 32 different trades required by the 37 growth industries. The Private Industry Council is now targeting these 32 trades in which to provide training to JTPA participants.

Attachment 1 to my testimony is a table describing the 37 growth industries and the 32 trades within that industry.

The study is a result of the cooperation between the Private Industry Council and its business representatives and the local business community. It is a valuable resource to us.

MEASURING THE SUCCESS OF JTPA TRAINING PROGRAMS

The Los Angeles County Private Industry Council has been very concerned that the training programs it administers are effective in the long term. The Private Industry Council commissioned a study to determine the effectiveness of our training programs. Attachment 2 to my testimony is a graphic which illustrates the percentage of participants employed at the time of termination of the JTPA training program, at a point in time thirteen weeks after termination of the training program, and at the time of interview which is approximately 9½ months after termination of the training program.

The graphic shows the long term placement outcomes for adult participants trained in 1986-87. After thirteen weeks, 81% were still employed. 71% were still employed with the original placement employer. After approximately 9.6 months, at the time of the interview, 75% were still employed. 42% were still employed with the original placement employer.

These overall figures are an average of the outcomes of different subgroups. After 9.6 months, 84% of those people who had not been welfare recipients were still employed. In contrast, only 58% of those who had been welfare recipients were still employed. This is a gap of 26%. If minority female recipients are singled out, the gap grows even larger. The employment rate of Hispanic women who had been welfare recipients was only 42%.

The predominant pattern among female minority welfare recipients who did not keep their jobs was that they quit for voluntary personal reasons and did not seek reemployment. The explanation for this is that they were unable to deal with the demands of their employers and at the same time meet the child care and health needs of their families. The solution to this problem which our Private Industry Council is implementing is to provide much more substantial post placement supportive services for JTPA participants who were welfare recipients.

HARD TO SERVE YOUTH

We support the aims of Senate Bill 543 to concentrate the available resources on those most in need. In the past two years, our Private Industry Council has sought to allocate a greater percentage of funds to the hard to serve population. We have increased the number of "at-risk youth" to be served up to 35%. "At-risk youth" means any youth which meet two out of the six following criteria: (a) School dropout; (b) criminal offender; (c) gang member or gang affiliation; (d) handicapped; (e) teenage parent; and (f) low academic achievement.

We have also attempted to increase the number of hard to serve adults who participate in the JTPA training programs.

Attachment 3 to my testimony contains graphics which portray the percentage of JTPA participants in the 78% program, both adult enrollments and youth enrollments, from various subgrouping of the Los Angeles County population.

PROJECT NEW START

Our Private Industry Council has attempted to help some of those most in need through an innovative program combining the resources of a number of state and private agencies. One program is entitled "Project New Start".

Women who are inmates of County custodial facilities are too often "repeaters", women who return to jail over and over again. A profile of these women reveals a pattern of criminality, drug abuse, inability to properly care for their children, and a history of dependency on public assistance that frequently assures their recidivism.

Beyond the tragedy of lost human potential caused by the failure of these women to break such patterns, their failure to become self sufficient and responsible members of this County is costly in terms of public resources spent on welfare, health and protective services as well as the justice system. In response to this need, the Los Angeles County Private Industry Council has designed Project New Start, a residential program which will provide vocational and basic skills training as well as a comprehensive package of support services for highly motivated women recently released from county detention.

Project New Start will serve up to twenty women at a time by providing 24 hour care in a structured residential environment with intensive training and support services that enable each participant to stabilize and become independent. The program will operate on a three-month cycle with a six-month cap on participation. Though the children of these women would not live with them during their tenure in this program, parenting classes and, when necessary, professional assistance would be provided to help participants become successful mothers for their children once they graduate from Project New Start.

Additional program activities would include pre-employment skills development, basic remediation, vocational training, job placement, and group as well as individual counseling on an as needed basis. Project New Start would also provide transitional child care, housing, and transportation assistance to help participants successfully exit the program and establish productive lives.

When the PIC approached other organizations with its intention to start this program, the response was enthusiastic. The County Department of Children Services, Public Social Services, Health, Probation, and the Sheriff, the State Department of Rehabilitation, two school districts, the Catholic Arch

Diocese and two foundations have joined with the PIC to implement Project New Start. This network of cooperation would not have emerged if the PIC had not put forward a clear concept for meeting an important need. But with this cooperation, the $5,000 that the PIC will spend on each person has been matched by over $6,000 from other organizations.

We have a sincere hope that this program will enable the participants to effect a lasting change in their lives.

I wish to acknowledge the enthusiasm, vision, and direction which our Executive Director, Dan Flaming, has given to this program.

CHALLENGE GRANT

As you can see from my testimony, the Los Angeles County Private Industry Council has been very supportive of innovative approaches and bold steps. Accordingly, I support the "Fair Chance" Youth Opportunities Challenge Grant set forth in Proposed Senate Bill 543.

May I also suggest that innovation be encouraged in all aspects of the program at the local level so that federal funds may truly be effectively used in assisting those in need.

LONG TERM PREVENTION

As a business representative from the private sector, I fully understand the need for change and innovation to meet changing times and the need to abandon policies and procedures which, if at one time were successful, no longer work. I believe in the dynamism and the efficiency of the private sector. In the private sector in a free market, success or failure depends upon choices made by individual consumers. I believe that in the vast majority of cases, individuals can make better decisions for themselves than government agencies can.

Therefore I urge you to evaluate all federal social legislation in terms that will maximize individual choice and will most closely allow the free market to play a role preventing the vexing problems which JTPA has been enacted to cope with. In particular, I urge you rethink federal programs which have had the effect of undermining family life, encouraging teenage motherhood, and out of wedlock births, and fostering dependency in enclaves of public housing.

There are many stimulating and innovative ideas percolating from numerous foundations and think tanks across the country, and even in the halls of Congress. I sincerely wish you good luck in this endeavor.

Thank you very much.

Attachment 1

Los Angeles County Private Industry Council
Los Angeles Economic Roundtable

TARGET GROWTH INDUSTRIES SURVEY

TARGET GROWTH INDUSTRIES

Table 1

SIC	Industry Name	Sites 1987	% Emp. in Sites <50	% Emp. in Sites >500	87 Emp	Annual New Jobs 84-87	86-87 % Chng	84-87 % Chg.	1987 Loc Quo	84-87 Loc Quo Change	Ave. Ann. Wages 1987
	PRINTING										
2711	Newspapers	146	7.7%	69.4%	17,869	679	16.1%	12.9%	0.98	0.08	$25,209
2721	Periodicals	204	45.4%	16.7%	5,099	417	3.0%	32.5%	1.06	0.13	$36,383
2731	Book Publishing	85	29.6%	.0%	1,923	158	14.3%	32.8%	0.58	0.10	$19,603
2741	Miscellaneous Publishing	256	45.9%	.0%	3,259	60	11.9%	5.8%	1.07	-0.33	$26,485
2751	Commercial Printing, Letterpress	468	52.8%	9.6%	7,621	-206	4.9%	-7.5%	1.15	-0.14	$23,239
2752	Commercial Printing, Lithographic	1,151	49.7%	14.9%	15,418	401	6.1%	8.5%	1.18	-0.10	$27,611
2761	Manifold Business Forms	19	12.1%	.0%	1,693	70	5.2%	14.2%	0.88	0.12	$26,674
2782	Blankbooks, Loseleaf Binders	37	13.1%	41.5%	3,179	113	22.8%	11.9%	1.81	0.05	$19,566
8	**Industry Group Total**	**2,366**	-	-	**56,061**	**1,692**	**10.1%**	**10.0%**			**$26,224**
	PRIMARY METAL INDUSTRIES										
3324	Steel Investment Foundries	7	.2%	45.7%	1,609	98	6.9%	22.5%	3.01	0.15	$19,146
3361	Aluminum Foundries (Castings)	90	24.8%	21.5%	4,510	-21	1.6%	-1.4%	2.18	0.06	$23,319
3362	Brass, Bronze, Copper Foundries	34	42.1%	.0%	1,332	94	24.4%	27.0%	2.44	0.63	$17,608
3369	Nonferrous Foundries, NEC	29	24.2%	.0%	1,473	64	8.7%	14.9%	1.99	0.22	$20,796
4	**Industry Group Total**	**160**	-	-	**8,924**	**235**	**7.0%**	**8.6%**			**$21,298**
	FABRICATED METAL PRODUCTS										
3432	Plumbing Fixture Fittings & Trim	29	9.0%	61.9%	3,246	181	-3.8%	20.1%	3.36	0.84	$19,797
3442	Metal Doors, Sash, Frames, Mold.	93	21.7%	27.3%	3,888	34	14.4%	2.7%	1.04	-0.03	$22,070
3451	Screw Machine Products	107	42.3%	.0%	2,851	78	7.4%	8.9%	1.60	0.16	$22,534
3	**Industry Group Total**	**229**	-	-	**9,985**	**292**	**5.9%**	**9.6%**			**$21,464**
	MACHINERY										
3537	Industrial Trucks & Tractors	26	21.1%	.0%	1,531	125	14.5%	32.6%	1.52	0.48	$20,576
3545	Machine Tool Accessories & Meas.	85	53.1%	.0%	1,815	57	2.9%	10.4%	0.86	0.15	$21,539
3551	Food Products Machinery	41	32.3%	.0%	1,807	47	1.3%	8.5%	1.21	0.06	$29,889
3	**Industry Group Total**	**152**	-	-	**5,153**	**230**	**5.5%**	**15.4%**			**$24,181**

Table 1

TARGET GROWTH INDUSTRIES

SIC	Industry Name	Sites 1987	% Emp. in Sites <50	% Emp. in Sites >500	'87 Emp	Annual New Jobs 84-87	86-87 % Chng	84-87 % Chg.	1987 Loc Quo	84-87 Loc Quo Change	Ave. Ann. Wages 1987
	ELECTRICAL & ELECTRONIC EQUIP.										
3612	Transformers	34	8.5%	48.3%	3,616	193	5.2%	19.1%	1.83	0.34	$22,001
3652	Phonograph Records & Recorded Tape	139	19.3%	53.8%	4,811	334	26.7%	26.3%	5.94	0.74	$32,752
3662	Radio & TV Communication Equip.	141	1.6%	88.0%	90,639	352	2.4%	5.3%	4.45	-0.25	$39,222
3674	Semiconductors & Related Devices	68	15.1%	21.9%	8,573	1,453	14.8%	103.5%	0.82	0.42	$37,929
3679	Electronic Componests, NEC	351	22.7%	12.7%	14,307	-260	14.3%	-5.2%	1.41	0.06	$22,873
5	**Industry Group Total**	733	-	-	121,946	2,073	5.4%	8.6%			$34,503
	AEROSPACE										
3721	Aircraft	22	.0%	99.0%	94,118	1,553	2.0%	5.2%	6.71	-0.37	$39,381
3728	Aircraft Equipment, NEC	478	13.0%	53.3%	32,117	1,568	2.7%	25.1%	4.32	-0.41	$32,257
3761	Guided Missiles & Space Vehicles	7	.0%	99.1%	15,918	2,696	5.4%	103.3%	2.55	0.87	$32,190
3	**Industry Group Total**	507	-	-	142,153	5,817	2.6%	15.6%			$36,966
	BUSINESS SERVICES										
5065	Electronic Parts & Equip (wh)	888	43.0%	5.0%	17,356	747	2.5%	14.8%	2.99	0.38	$31,294
7321	Consumer Credit Reporting Agencies	211	68.6%	0.0%	4,734	502	23.1%	46.7%	1.16	0.13	$20,202
7331	Direct Mail Ad. Services	136	22.8%	12.6%	5,426	-121	14.3%	-6.3%	1.53	-0.41	$20,068
7372	Computer Programming	714	32.1%	28.1%	11,092	302	1.3%	8.9%	1.19	-0.45	$40,914
7374	Data Processing Services	319	20.6%	40.4%	14,267	1,786	38.0%	60.1%	1.21	0.31	$25,726
7379	Computer Services, NEC	597	45.5%	0.0%	6,232	488	-4.0%	82.4%	1.19	0.07	$40,404
7392	Mgmt., Consulting Services	4,309	54.5%	9.3%	36,515	1,908	-2.0%	22.9%	1.58	-0.11	$32,433
7397	Commercial Testing Labs.	126	48.4%	0.0%	2,999	247	12.4%	32.8%	1.62	0.21	$31,306
8	**Industry Group Total**	7,300	-	-	98,621	5,859	5.8%	25.4%			$31,418
	AUTOMOTIVE MECHANICAL SERVICES										
7538	General Automotive Repair Shops	2,068	87.6%	0.0%	8,761	95	-6.3%	3.4%	1.20	-0.09	$19,495
7539	Auto Repair Shops, NEC	954	82.2%	0.0%	5,434	145	5.4%	8.7%	1.21	-0.06	$18,076
5511	Motor Vehicle Dealers, New & Used (i	567	23.0%	3.3%	32,627	1,529	6.3%	16.4%	0.91	-0.01	$31,386
3	**Industry Group Total**	3,589	-	-	46,822	1,770	3.6%	12.8%			$27,616

TARGET GROWTH INDUSTRIES

Table 1

SIC	Industry Name	Sites 1987	% Emp. in Sites <50	% Emp. in Sites >500	87 Emp	Annual New Jobs 84-87	86-87 % Chng	84-87 % Chg.	1987 Loc Quo	84-87 Loc Quo Change	Ave. Ann. Wages 1987
37	TARGET INDUSTRIES TOTAL	15,036	-	-	409,665	17,968	5.0%	14.4%			$33,248
	L.A. COUNTY EMPLOYMENT TOTAL	211,454	-	-	3,515,300	86,500	2.8%	8.0%			$24,812

TABLE 1
TARGET GROWTH INDUSTRIES

Explanatory Notes

All the calculations and analyses are based upon employment data provided by the Employment and Data Research Division of the Employment Development Department. Note: L.A. County-wide employment data excludes agriculture and government employment.

The Los Angeles County Target Growth Industries were selected from a comprehensive list of approximately 800 4-digit SICs. A combination of quantitative analyses accompanied by detailed industry investigations resulted in the final list.

SIC - Standard Industrial Classification code, used by Departments of Labor, Commerce and State EDD to distinguish industries by their products or services. The 4-digit specification is the most fine-grained and useful for purposes of tracking and targeting. Thirty-seven SIC's were selected for targeting.

INDUSTRY GROUP - The 37 target 4-digit industries have been grouped into eight 2-digit clusters in order to provide an overview of similar industries: e.g., the printing and publishing industry is SIC 27. Note: in few cases, industries from different 2-digit families have been grouped together because of the focus on overlapping occupations.

SITES 1987 - Number of Employment Sites. An adequate number, related to the overall employment of the industry, was deemed necessary to insure numerous and diverse placement opportunities. The largest number of sites are in the Business Services industries. The least, 152, are in the selected machinery industries. In sum, target growth industries are located in over 15,000 sites.

% EMP. IN SITES <50 - Proportion of the total employment in sites which have less than 50 employees. A high percentage indicates the prominence of small businesses in the industry. Auto repair shops have the largest proportion of their employment in small sites.

% EMP. IN SITES >500 - Proportion of the total employment in sites which have more that 500 employees. A high percentage indicates the predominance of large firms in the industry. Aerospace and the electronic communications (SIC 3662) industries have employment overwhelming concentrated in larger sites.

87 EMP - Average employment for the year 1987. Industries with less than 1000 employees were excluded because of the limited information available and the obstacles to dealing with a small industry. Aerospace and Electrical and Electronic Equipment account for over half of the targeted growth industry employment.

ANNUAL NEW JOBS 84-87 - Net new jobs reported between 1984 and 1987, divided by three, in order to gauge the average annual net new jobs. The absolute number of new jobs should be substantial to provide sufficient placement opportunities. In a few exceptions, an industry with negative change was included if it displayed distiact growth in the most recent year and it displayed similar occupational staffing patterns to related industries that were growing strongly. The largest portions of new jobs were coming from aerospace and business services--about 5,800 annually each.

TABLE I
TARGET GROWTH INDUSTRIES

Explanatory Notes (Continued)

86-87 % CHNG - Percentage employment growth from 1986 to 1987. Should be significantly positive, but in a few instances an industry with negative change was included if it displayed overall strong growth (84-87) and it displayed similar occupational staffing patterns to related industries that were growing strongly. The fastest growing industry group in 86-87 was printing. The slowest group was aerospace. Overall, the target industries grew at 5.0% in comparison with the county-wide average of 2.8%.

84-87 % CHG - Annualized percent employment growth from 1984-87. Should be significantly positive. In a few exceptions, an industry with negative change was included if it displayed distinct growth in the most recent year and it displayed similar occupational staffing patterns to related industries that were growing strongly. Business services had the fastest growth rate over the three year period with primary metals and electrical and electronics the slowest, at 8.6%--still faster than the L.A. County employment total.

1987 LOC QUO - This Location Quotient is a measure of the relative employment concentration of an industry in Los Angeles as compared to the nation as a whole. A location quotient of 1.00 means that the employment in L.A. is in the same proportion as it is in the nation. An 0.50 means it is one-half the proportion. A 2.00 means the industry employment is twice as concentrated in L.A. Higher location quotients are indications of industry strength in a region. With one exception, a location quotient of less than 1.00 was made up for by a trend toward increased location quotient. The aircraft industry is the most strongly concentrated industry in the list.

84-87 LOC QUO CHANGE - The net change from 1984 to 1987 in location quotient of an industry's employment indicates changes in concentration. A positive change is preferred, but negative changes could be compensated for by an already strong location quotient and other indications of growth. SIC 3432, Plumbing Fixtures and 3761, Guided Missiles, both already strongly situated industries in Los Angeles, had the greatest increases in location quotient.

AVE. ANN. WAGES 1987 - All the wages paid by the firms in an industry in 1987, divided by the average annual employment in 1987. Very low average wage industries were excluded from consideration unless some counterbalancing factor, such as occupational staffing pattern, could be taken into account. The lowest average wages are in the traditional basic manufacturing industries: primary metals and fabricated metal products: about $21,500. The highest wages are in aerospace: nearly $37,000 in comparison with the growth industry average of $33,000 and the countywide average of nearly $25,000.

GROWTH INDUSTRY COMMUNITY CONCENTRATIONS

Table 2

SIC	INDUSTRY NAME	COMMUNITIES				
	PRINTING					
2711	Newspapers	Long Beach	Downtown	Van Nuys	Torrance	West Covina
2721	Periodicals	Wilshire Center	Hollywood	Downtown	West Los Angeles	Brentwood
2731	Book Publishing	Duarte	Wilshire Center	West Los Angeles	Westchester	Central East
2741	Miscellaneous Publishing	Beverly Hills	Long Beach	Hollywood	Canoga Park	Santa Monica
2751	Commercial Printing, Letterpress	Boyle Heights	South Central	Downtown	Van Nuys	East Los Angeles
2752	Commercial Printing, Lithographic	Alhambra	Gateway	Glendale	South Central	Westlake
2761	Manifold Business Forms	Commerce	Industry	Downtown	Pico Rivera	Santa Fe Springs
2782	Blankbooks, Loseleaf Binders	Commerce	Industry	Downtown	Chatsworth	Torrance
	PRIMARY METAL INDUSTRIES					
3324	Steel Investment Foundries	Southeast LA	Torrance	Whittier	Gardena	Industry
3361	Aluminum Foundries (Castings)	Compton	Industry	North Hollywood	Gateway	West Compton
3362	Brass, Bronze, Copper Foundries	Azusa	Huntington Park	Central East	Torrance	West Compton
3369	Nonferrous Foundries, NEC	Carson	Industry	Wilmington	Chatsworth	Santa Fe Springs
	FABRICATED METAL PRODUCTS					
3432	Plumbing Fixture Fittings & Trim	Gardena	Pacoima	Los Angeles-Palms	Pomona	Vernon
3442	Metal Doors, Sash, Frames, Mold.	Carson	Industry	Northeast L.A.	South Central	Monterey Park
3451	Screw Machine Products	Azusa	Burbank	Gateway	Paramount	Santa Fe Springs
	MACHINERY					
3537	Industrial Trucks & Tractors	Carson	Downey	El Segundo	South Central	South El Monte
3545	Machine Tool Accessories & Meas.	Commerce	Downey	Glendale	Paramount	Torrance
3551	Food Products Machinery	Covina	South Central	Venice	South El Monte	Willowbrook

GROWTH INDUSTRY COMMUNITY CONCENTRATIONS

Table 2

SIC	INDUSTRY NAME	COMMUNITIES				
	ELECTRICAL & ELECTRONIC EQUIP.					
3612	Transformers	Commerce	Culver City	Chatsworth	West Los Angeles	Monterey Park
3652	Phonograph Records & Recorded Tape	Burbank	Commerce	Wilshire Center	Hollywood	West Hollywood
3662	Radio & TV Communication Equip.	El Segundo	Hawthorne	Chatsworth	Westchester	Pico Rivera
3674	Semiconductors & Related Devices	Southeast L.A.	Hollywood	Sylmar	Chatsworth	Torrance
3679	Electronic Components, NEC	Covina	South Central	Chatsworth	Rosemead	Santa Monica
	AEROSPACE					
3721	Aircraft	Burbank	Downey	El Segundo	Long Beach	Palmdale
3728	Aircraft Equipment, NEC	Burbank	Carson	El Segundo	Sun Valley	Reseda
3761	Guided Missiles & Space Vehicles	Burbank	Pomona	Monrovia	Torrance	
	BUSINESS SERVICES					
5065	Electronic Parts & Equip (wh)	Compton	El Monte	Chatsworth	Santa Monica	Torrance
7372	Computer Programming	Burbank	El Segundo	Canoga Park	Venice	Santa Monica
7374	Data Processing Services	El Segundo	Long Beach	L.A. - Westlake	Downtown	Encino
7379	Computer Services, NEC	Culver City	Wilshire Center	Chatsworth	LA - Palms	Santa Monica
7392	Mgmt., Consulting Services	Beverly Hills	Long Beach	Wilshire Center	Downtown	North Hollywood
7397	Commercial Testing Labs.	Commerce	Long Beach	Canoga Park	Santa Fe Springs	South Gate
	AUTOMOTIVE MECHANICAL SERVICES					
7538	General Automotive Repair Shops	Glendale	Wilshire Center	Van Nuys	Woodland Hills	Santa Fe Springs
7539	Auto Repair Shops, NEC	Glendale	Inglewood	South Central	North Hollywood	Montebello
5511	Motor Vehicle Dealers, New & Used	Downey	Glendale	Van Nuys	Santa Monica	Whittier

TABLE 2
GROWTH INDUSTRY COMMUNITY CONCENTRATIONS

Explanatory Notes

All the calculations and analyses are based upon employment data provided by the Employment and Data Research Division of the Employment Development Department.

The community concentration of Los Angeles County Target Growth Industries was determined on the basis of the Industrial-Commercial Employment (ICE) File which provides geographically detailed industry and employment information for all sites in Los Angeles County.

SIC - Standard Industrial Classification code, used by Departments of Labor, Commerce and State EDD to distinguish industries by their products or services. The 4-digit specification is the most fine-grained and useful for purposes of tracking and targeting. Four-digit industries have been clustered into 2-digit groupings to provide an overview of similar industries: e.g., the printing industry is SIC 27. Note: in few cases, industries from different 2-digit families have been grouped together because of the focus on overlapping occupations.

COMMUNITIES - The ICE data has been geographically clustered into 192 communities: all the cities (with the City of Los Angeles subdivided into 35 community planning areas) and all the unincorporated communities of Los Angeles County.

This listing of Growth Industry Community Concentration identifies the areas in which major employment clusters for each SIC are located.

Table 3

TARGET GROWTH OCCUPATIONS

OES CODE	OCCUPATIONAL TITLE	PRINTING INDUSTRIES 2711	2721	2731	2741	2751	2752	2761	2782
25108	COMPUTER PROGRAMMER AIDES								
53508	BILL AND ACCOUNT COLLECTORS								
55311	TYPISTS--WORD PROCESSING EQUIP								
55338	BOOKKEEPING, ACCOUNTING CLERKS								
56011	COMPUTER OPS--EX PERIPHERAL EQ								
56017	DATA ENTRY KEYERS--EX COMPOSIN								
58008	PROD, PLANNING, EXPEDITING CLERK								
58028	TRAFFIC, SHIPPING, RECEIVING CLKS								
83002	PRECISION INSPECT, TEST, GRADERS								
83005	PRODUCTION INSPECT, TEST, GRADER								
85119	MACHINERY MAINT MECHANICS, NEC	131							
85302	AUTOMOTIVE MECHANICS								
85705	DATA PROCESSING EQUIP REPAIRERS								
89111	PRECISION GRINDERS AND RELATED								
91117	MACH TOOL CUTTING OPS--METAL, P								
91502	NUMERICAL MACH TOOL OPS--MET,								
91505	COMB MACH TOOL SETTERS--MET, P								
91508	COMB MACH TOOL OPS--METAL, PLAS								
91702	WELDING MACH SETTERS, SET-UP OP								
91705	WELDING MACH OPERATORS AND TEN								
92525	BINDERY MACH SETTERS, SET-UP OP	73.	78			183	560		103
92543	PRINTING PRESS MACHINE OPS, TEND	746			137	576	970		
92546	BINDERY MACHINE OPERATORS					438	262	133	232
92997	MACHINE SETTERS & SET-UP OPS, NE			34					62
93102	AIRCRAFT ASSEMBLERS--PRECISION								
93111	ELECTROMECH EQUIP ASSEMBLERS--								
93114	ELECTRICAL EQUIP ASSEMBLERS--P								
93197	PRECISION ASSEMBLERS--METAL, N								
93902	MACHINE ASSEMBLERS								
93905	ELECTRICAL, ELECTRONIC ASSEMBLE								
93914	WELDERS AND CUTTERS								
98102	MECHANIC AND REPAIRER HELPERS,								
32	**Number of Occupations**	(3)	(1)	(1)	(1)	(3)	(3)	(1)	(3)
	1987 Occ. Emp. in Target SICs	950	78	34	137	1,197	1,792	133	397
	1987 Occ. as % of Growth SICs	5.4%	1.5%	1.8%	4.2%	15.7%	11.6%	7.9%	12.5%
	1987 Total Emp. - Growth SICs	17,689	5,099	1,923	3,259	7,621	15,418	1,693	3,179

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Los Angeles Economic Roundtable

Page 1

TARGET GROWTH OCCUPATIONS

Table 3

OES		PRIMARY METAL INDUSTRIES				FAB METAL PRODUCTS			MACHINERY		
CODE	OCCUPATIONAL TITLE	3324	3361	3362	3369	3432	3442	3451	3537	3545	3551
25108	COMPUTER PROGRAMMER AIDES										
53508	BILL AND ACCOUNT COLLECTORS										
55311	TYPISTS--WORD PROCESSING EQUIP										
55338	BOOKKEEPING, ACCOUNTING CLERKS										
56011	COMPUTER OPS--EX PERIPHERAL EQ										
56017	DATA ENTRY KEYERS--EX COMPOSING										
58008	PROD, PLANNING, EXPEDITING CLERK										
58028	TRAFFIC, SHIPPING, RECEIVING CLKS										
83002	PRECISION INSPECT, TEST, GRADERS					151					
83005	PRODUCTION INSPECT, TEST, GRADER		168			309					
85119	MACHINERY MAINT MECHANICS, NEC					169					
85302	AUTOMOTIVE MECHANICS										
85705	DATA PROCESSING EQUIP REPAIRERS										
89111	PRECISION GRINDERS AND RELATED		58			27				157	
91117	MACH TOOL CUTTING OPS--METAL, P		192	73				170		100	
91502	NUMERICAL MACH TOOL OPS--MET, P										
91505	COMB MACH TOOL SETTERS--MET, PL					29		22			34
91508	COMB MACH TOOL OPS--METAL, PLAS			41	29		53	112			35
91702	WELDING MACH SETTERS, SET-UP OP						176			39	
91705	WELDING MACH OPERATORS AND TEN						35		46		55
92525	BINDERY MACH SETTERS, SET-UP OP										
92543	PRINTING PRESS MACHINE OPS, TEND										
92546	BINDERY MACHINE OPERATORS										
92997	MACHINE SETTERS & SET-UP OPS, NE	73									
93102	AIRCRAFT ASSEMBLERS--PRECISION										
93111	ELECTROMECH EQUIP ASSEMBLERS--										
93114	ELECTRICAL EQUIP ASSEMBLERS--PI										
93197	PRECISION ASSEMBLERS--METAL, N										
93902	MACHINE ASSEMBLERS										
93905	ELECTRICAL, ELECTRONIC ASSEMBLE										88
93914	WELDERS AND CUTTERS										
98102	MECHANIC AND REPAIRER HELPERS,								260		
32	**Number of Occupations**	(1)	(3)	(2)	(1)	(5)	(3)	(3)	(2)	(3)	(4)
	1987 Occ. Emp. in Target SICs	73	418	114	29	685	264	304	306	296	212
	1987 Occ. as % of Growth SICs	4.5%	9.3%	8.6%	2.0%	21.1%	6.8%	10.7%	19.9%	16.3%	11.7%
	1987 Total Emp. - Growth SICs	1,609	4,510	1,332	1,473	3,246	3,888	2,851	1,537	1,815	1,807

Table 3

TARGET GROWTH OCCUPATIONS

OES CODE	OCCUPATIONAL TITLE	ELECTRICAL & ELECTRONICS 3612	3652	3662	3674	3679	AEROSPACE 3721	3728	3761
25108	COMPUTER PROGRAMMER AIDES		117	54			215		
53508	BILL AND ACCOUNT COLLECTORS								
55311	TYPISTS--WORD PROCESSING EQUIP			580			467		
55338	BOOKKEEPING, ACCOUNTING CLERKS			816					
56011	COMPUTER OPS--EX PERIPHERAL EQ			616			177		141
56017	DATA ENTRY KEYERS--EX COMPOSING			308			261		
58008	PROD, PLANNING, EXPEDITING CLERK			2,266	173		2,556	1,147	456
58028	TRAFFIC, SHIPPING, RECEIVING CLKS			290				376	
83002	PRECISION INSPECT, TEST, GRADERS			3,100	219	380	1,213	1,240	421
83005	PRODUCTION INSPECT, TEST, GRADER			517	421	628	1,353	678	
85119	MACHINERY MAINT MECHANICS, NEC			73			401	186	
85302	AUTOMOTIVE MECHANICS								
85705	DATA PROCESSING EQUIP REPAIRERS								
89111	PRECISION GRINDERS AND RELATED	21					439	347	
91117	MACH TOOL CUTTING OPS--METAL, P			63			289	568	
91502	NUMERICAL MACH TOOL OPS--MET, P	50		118		140	532	1,037	45
91505	COMB MACH TOOL SETTERS--MET, P					78	56	267	
91508	COMB MACH TOOL OPS--METAL, PLAS					39	37	87	
91702	WELDING MACH SETTERS, SET-UP OP	27					37	161	
91705	WELDING MACH OPERATORS AND TEN			63			56	35	
92525	BINDERY MACH SETTERS, SET-UP OP								
92543	PRINTING PRESS MACHINE OPS, TEND								
92546	BINDERY MACHINE OPERATORS								
92997	MACHINE SETTERS & SET-UP OPS, NE						252	84	
93102	AIRCRAFT ASSEMBLERS--PRECISION						2,986	1,034	
93111	ELECTROMECH EQUIP ASSEMBLERS--			852		283		912	
93114	ELECTRICAL EQUIP ASSEMBLERS--P	346		2,792		1,329	616	369	
93197	PRECISION ASSEMBLERS--METAL, N						1,997	180	
93902	MACHINE ASSEMBLERS	31		36		81	28	132	
93905	ELECTRICAL, ELECTRONIC ASSEMBLE			2,728		2,446	588		
93914	WELDERS AND CUTTERS	90		91			243	334	
98102	MECHANIC AND REPAIRER HELPERS,			82		-	140	55	
32	**Number of Occupations**	(6)	(1)	(19)	(3)	(9)	(23)	(20)	(4)
	1987 Occ. Emp. in Target SICs	565	117	15,445	813	5,404	14,939	9,229	1,063
	1987 Occ. as % of Growth SICs	15.6%	2.4%	17.0%	9.5%	37.8%	15.9%	28.7%	6.7%
	1987 Total Emp. - Growth SICs	3,616	4,811	90,639	8,573	14,307	94,118	32,117	15,918

Table 3

TARGET GROWTH OCCUPATIONS

OES CODE	OCCUPATIONAL TITLE	BUSINESS SERVICES							
		5065	7321	7331	7372	7374	7379	7392	7397
25100	COMPUTER PROGRAMMER AIDES				525	493	81	278	
53508	BILL AND ACCOUNT COLLECTORS	89	1,188					274	
55311	TYPISTS--WORD PROCESSING EQUIP				161			405	
55338	BOOKKEEPING, ACCOUNTING CLERKS							1,304	
56011	COMPUTER OPS--EX PERIPHERAL EQ	131			420	834		245	
56017	DATA ENTRY KEYERS--EX COMPOSIN				323	1,386	143	420	
58008	PROD, PLANNING, EXPEDITING CLERK					221		128	
58028	TRAFFIC, SHIPPING, RECEIVING CLKS	431							
83002	PRECISION INSPECT, TEST, GRADERS								
83005	PRODUCTION INSPECT, TEST, GRADER	244							298
85119	MACHINERY MAINT MECHANICS, NEC								
85302	AUTOMOTIVE MECHANICS								
85705	DATA PROCESSING EQUIP REPAIRERS	753					1,368		
89111	PRECISION GRINDERS AND RELATED								
91117	MACH TOOL CUTTING OPS--METAL, P								
91502	NUMERICAL MACH TOOL OPS--MET,								
91505	COMB MACH TOOL SETTERS--MET, P								
91508	COMB MACH TOOL OPS--METAL, PLAS								
91702	WELDING MACH SETTERS, SET-UP OP								
91705	WELDING MACH OPERATORS AND TEN								
92525	BINDERY MACH SETTERS, SET-UP OP								
92543	PRINTING PRESS MACHINE OPS, TEND			128					
92546	BINDERY MACHINE OPERATORS								
92997	MACHINE SETTERS & SET-UP OPS, N			251			29		
93102	AIRCRAFT ASSEMBLERS--PRECISION								
93111	ELECTROMECH EQUIP ASSEMBLERS--								
93114	ELECTRICAL EQUIP ASSEMBLERS--P								
93197	PRECISION ASSEMBLERS--METAL, N								
93902	MACHINE ASSEMBLERS								
93905	ELECTRICAL, ELECTRONIC ASSEMBLE								
93914	WELDERS AND CUTTERS								
98102	MECHANIC AND REPAIRER HELPERS,								
32	**Number of Occupations**	(5)	(1)	(2)	(4)	(4)	(4)	(7)	(1)
	1987 Occ. Emp. in Target SICs	1,648	1,188	379	1,429	2,934	1,621	3,054	298
	1987 Occ. as % of Growth SICs	9.5%	25.1%	7.0%	12.9%	20.6%	26.0%	8.4%	9.9%
	1987 Total Emp. - Growth SICs	17,356	4,734	5,426	11,092	14,267	6,232	36,515	2,999

Table 3

TARGET GROWTH OCCUPATIONS

OES		AUTO MECH. SERVICES		
CODE	OCCUPATIONAL TITLE	7538	7539	5511
25108	COMPUTER PROGRAMMER AIDES			
53508	BILL AND ACCOUNT COLLECTORS			
55311	TYPISTS--WORD PROCESSING EQUIP			
55338	BOOKKEEPING, ACCOUNTING CLERKS			1,406
56011	COMPUTER OPS--EX PERIPHERAL EQ			
56017	DATA ENTRY KEYERS--EX COMPOSIN			
58008	PROD, PLANNING, EXPEDITING CLERK			
58028	TRAFFIC, SHIPPING, RECEIVING CLKS			
83002	PRECISION INSPECT, TEST, GRADERS			
83005	PRODUCTION INSPECT, TEST, GRADER			
85119	MACHINERY MAINT MECHANICS, NEC			
85302	AUTOMOTIVE MECHANICS	3,808	2,304	6,366
85705	DATA PROCESSING EQUIP REPAIRERS			
89111	PRECISION GRINDERS AND RELATED			
91117	MACH TOOL CUTTING OPS--METAL, P			
91502	NUMERICAL MACH TOOL OPS--MET,			
91505	COMB MACH TOOL SETTERS--MET, P			
91508	COMB MACH TOOL OPS--METAL, PLA			
91702	WELDING MACH SETTERS, SET-UP OP			
91705	WELDING MACH OPERATORS AND TEN			
92525	BINDERY MACH SETTERS, SET-UP OP			
92543	PRINTING PRESS MACHINE OPS, TEND			
92546	BINDERY MACHINE OPERATORS			
92997	MACHINE SETTERS & SET-UP OPS, N			
93102	AIRCRAFT ASSEMBLERS--PRECISION			
93111	ELECTROMECH EQUIP ASSEMBLERS--			
93114	ELECTRICAL EQUIP ASSEMBLERS--P			
93197	PRECISION ASSEMBLERS--METAL, N			
93902	MACHINE ASSEMBLERS			
93905	ELECTRICAL, ELECTRONIC ASSEMBLE			
93914	WELDERS AND CUTTERS			
98102	MECHANIC AND REPAIRER HELPERS,		211	602
32	**Number of Occupations**	(1)	(2)	(3)
	1987 Occ. Emp. in Target SICs	3,808	2,515	8,374
	1987 Occ. as % of Growth SICs	43.5%	46.3%	25.7%
	1987 Total Emp. - Growth SICs	8,761	5,434	32,627

TARGET GROWTH OCCUPATIONS

Table 3

OES CODE	OCCUPATIONAL TITLE	# OF SICS 37	TARGETED OCC EMPS	% OF LA EMP	LA EMP 87 TOTAL	GROWTH 87-92	% GROWTH 87-92	SEPS 87-92
25108	COMPUTER PROGRAMMER AIDES	(7)	1,763	37.1%	4,757	1,422	29.9%	186
53506	BILL AND ACCOUNT COLLECTORS	(3)	1,551	28.3%	5,484	1,011	18.4%	803
55311	TYPISTS--WORD PROCESSING EQUIP	(4)	1,613	10.8%	14,902	1,567	10.5%	1,921
55338	BOOKKEEPING, ACCOUNTING CLERKS	(3)	3,526	4.3%	82,333	9,331	11.3%	17,574
56011	COMPUTER OPS--EX PERIPHERAL EQ	(7)	2,564	20.9%	12,280	2,554	20.8%	746
56017	DATA ENTRY KEYERS--EX COMPOSIN	(6)	2,841	15.5%	18,364	208	1.1%	1,127
58008	PROD, PLANNING, EXPEDITING CLERK	(7)	6,947	47.8%	14,519	1,959	13.5%	1,767
58028	TRAFFIC, SHIPPING, RECEIVING CLKS	(3)	1,097	3.5%	31,135	3,774	12.1%	3,104
83002	PRECISION INSPECT, TEST, GRADERS	(7)	6,724	53.2%	12,643	2,498	19.8%	2,230
83005	PRODUCTION INSPECT, TEST, GRADER	(9)	4,616	27.1%	17,039	2,740	16.1%	2,835
85119	MACHINERY MAINT MECHANICS, NEC	(5)	960	13.5%	7,093	825	11.6%	1,062
85302	AUTOMOTIVE MECHANICS	(3)	12,478	61.0%	20,444	2,325	11.4%	2,085
85705	DATA PROCESSING EQUIP REPAIRERS	(2)	2,121	39.5%	5,364	1,807	33.7%	216
89111	PRECISION GRINDERS AND RELATED	(6)	1,049	44.0%	2,384	302	12.7%	583
91117	MACH TOOL CUTTING OPS--METAL, P	(7)	1,455	26.5%	5,492	358	6.5%	817
91502	NUMERICAL MACH TOOL OPS--MET,	(6)	1,922	56.9%	3,378	715	21.2%	327
91505	COMB MACH TOOL SETTERS--MET, P	(6)	486	28.7%	1,691	342	20.2%	324
91508	COMB-MACH TOOL OPS--METAL, PLAS	(8)	433	16.5%	2,618	550	21.0%	503
91702	WELDING MACH SETTERS, SET-UP OP	(5)	440	17.2%	2,554	333	13.0%	258
91705	WELDING MACH OPERATORS AND TEN	(6)	290	9.6%	3,017	336	11.1%	303
92525	BINDERY MACH SETTERS, SET-UP OP	(5)	997	77.9%	1,280	213	16.6%	166
92543	PRINTING PRESS MACHINE OPS, TEND	(5)	2,557	62.9%	4,062	492	12.1%	480
92546	BINDERY MACHINE OPERATORS	(4)	1,065	69.9%	1,524	203	13.3%	194
92997	MACHINE SETTERS & SET-UP OPS, N	(7)	785	24.5%	3,201	586	18.3%	311
93102	AIRCRAFT ASSEMBLERS--PRECISION	(2)	4,020	98.3%	4,088	724	17.7%	412
93111	ELECTROMECH EQUIP ASSEMBLERS--	(3)	2,047	46.5%	4,401	871	19.8%	447
93114	ELECTRICAL EQUIP ASSEMBLERS--P	(5)	5,452	62.7%	8,689	1,583	18.2%	896
93197	PRECISION ASSEMBLERS--METAL, N	(2)	2,177	76.7%	2,837	432	15.2%	415
93902	MACHINE ASSEMBLERS	(6)	396	17.3%	2,285	321	14.0%	221
93905	ELECTRICAL, ELECTRONIC ASSEMBLE	(3)	5,762	44.2%	13,035	2,219	17.0%	1,280
93914	WELDERS AND CUTTERS	(5)	1,018	11.1%	9,132	1,275	14.0%	928
98102	MECHANIC AND REPAIRER HELPERS,	(5)	1,090	26.0%	4,185	513	12.3%	298
32	**Number of Occupations**	(162)						
	1987 Occ. Emp. in Target SICs		82,242	25.2%	326,210	44,389	13.6%	44,819
	1987 Occ. as % of Growth SICs		16.8%					
	1987 Total Emp. - Growth SICs		489,491					

TABLE 3
TARGET GROWTH OCCUPATIONS

Explanatory Notes

All the calculations and analyses are based upon occupation estimates and employment data provided by the Employment and Data Research Division of the Employment Development Department.

The Target Growth Occupations were selected from hundreds of possible occupations. In addition to being a constituent part of the growth industries, growth occupations were screened for: overall size, significant size within the industries, overlap among industries, favorable growth forecasts, SVP levels between 2 and 6 (and a few carefully considered exceptions with SVP 7), and suitable wages

OES CODE - Occupational Employment Statistic. A five digit coding scheme which clusters similar occupations into approximately 700 occupation groups.

SIC - Standard Industrial Classification code, used by Departments of Labor, Commerce and State EDD to distinguish industries by their products or services. The 4-digit specification is the most fine-grained and useful for purposes of tracking and targeting. Thirty-seven SIC's were selected for targeting. Four-digit industries have been clustered into eight 2-digit groupings to provide an overview of similar industries: e.g., the printing industry is SIC 27. Note: in few cases, industries from different 2-digit families have been grouped together because of the focus on overlapping occupations.

EMPLOYMENT FIGURES - The 1987 estimated (by EDD) number of jobs for each of the growth OES occupations for each growth industry (SIC) is recorded in the cells.

NUMBER OF OCCUPATIONS - Thirty-two OES occupations have been selected for targeting in the 37 4-digit SIC industries. For each 4-digit SIC, the number of matching occupations is identified in parentheses on the first summary line at the bottom of the table.

1987 OCC. EMP. IN GROWTH SICs - The sum of the 1987 target OES jobs in each target growth industry.

1987 OCC. AS % OF GROWTH SICs - Identifies the percent of targeted occupations as a proportion of the total employment in the growth industry.

1987 TOTAL EMP. - GROWTH SICs - Average employment for the year 1987 for each growth industry.

TABLE 3
TARGET GROWTH OCCUPATIONS

Explanatory Notes (Continued)

SUMMARY CALCULATIONS ON PAGE 6.

OF SICs - The number in parentheses indicates the number of growth industries in which a given target OES occupation appears. The total number of intersections is 162.

TARGETED OCC EMPS - The sum of the estimated 1987 employment for each targeted growth occupation for the growth industries. The total targeted occupations is 82,242. These occupations account for 16.8% of all the jobs in the growth SICs.

% OF LA EMP - The percent of the employment of the targeted OES occupation in growth industries as a proportion of OES occupation in all industries in Los Angeles County. The targeted occupations in the growth industries accounted for 25.2% of the total industry employment in the thirty-two occupations.

LA EMP 87 TOTAL - Estimate of total employment in OES occupations in 1987, in all industries. These thirty-two occupations accounted for 326,210 employees.

GROWTH 87-92 - EDD forecast of growth for the OES occupations in all industries for Los Angeles County, 1987-1992. These occupations are forecast to add some 44,389 additional jobs.

% GROWTH 87-92 - EDD forecast of percent growth for the OES occupations in all industries for Los Angeles County, 1987-1992. The average growth for the thirty-two occupations is forecast to be 13.6%.

SEPS 87-92 - EDD forecast of job separations due to retirement, quits, and fires.

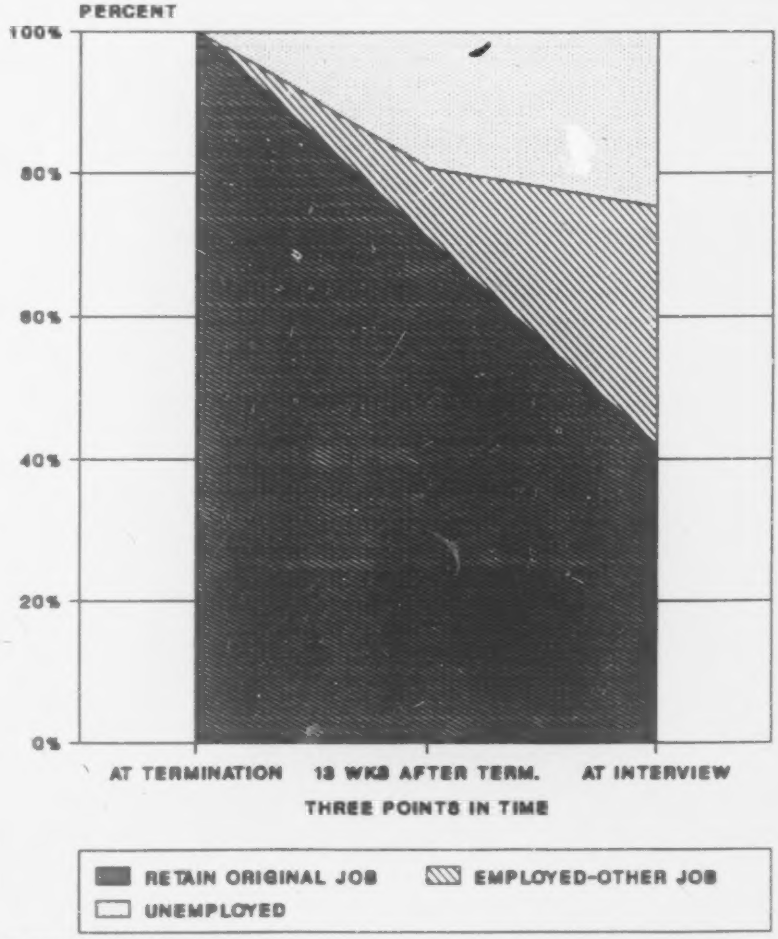
Attachment 2

Los Angeles Private Industry Council

Los Angeles Economic Roundtable

POST PROGRAM EMPLOYMENT AND RETENTION SURVEY

POST PROGRAM EMPLOYMENT AND RETENTION OF TITLE IIA ADULT PLACEMENTS: 1986-1987

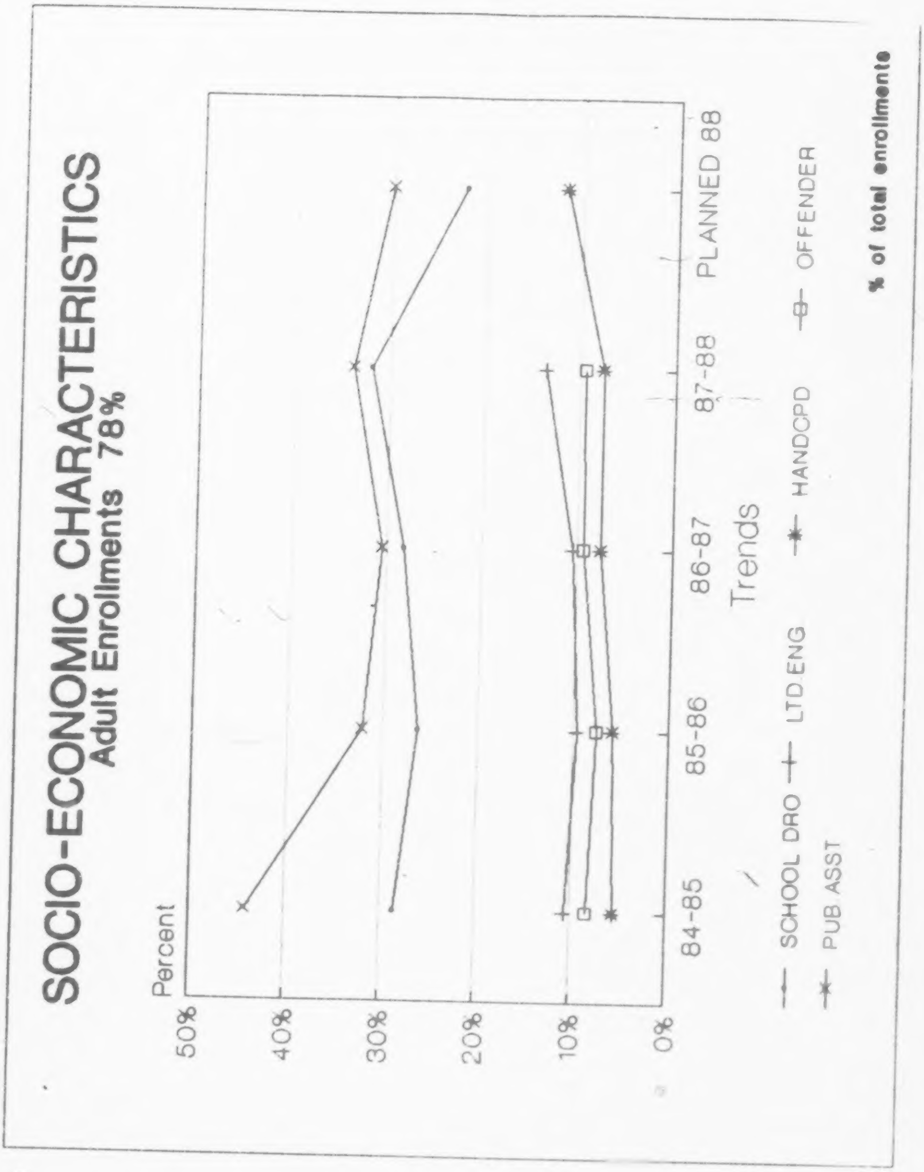


PIC FOLLOWUP SURVEY, 1988

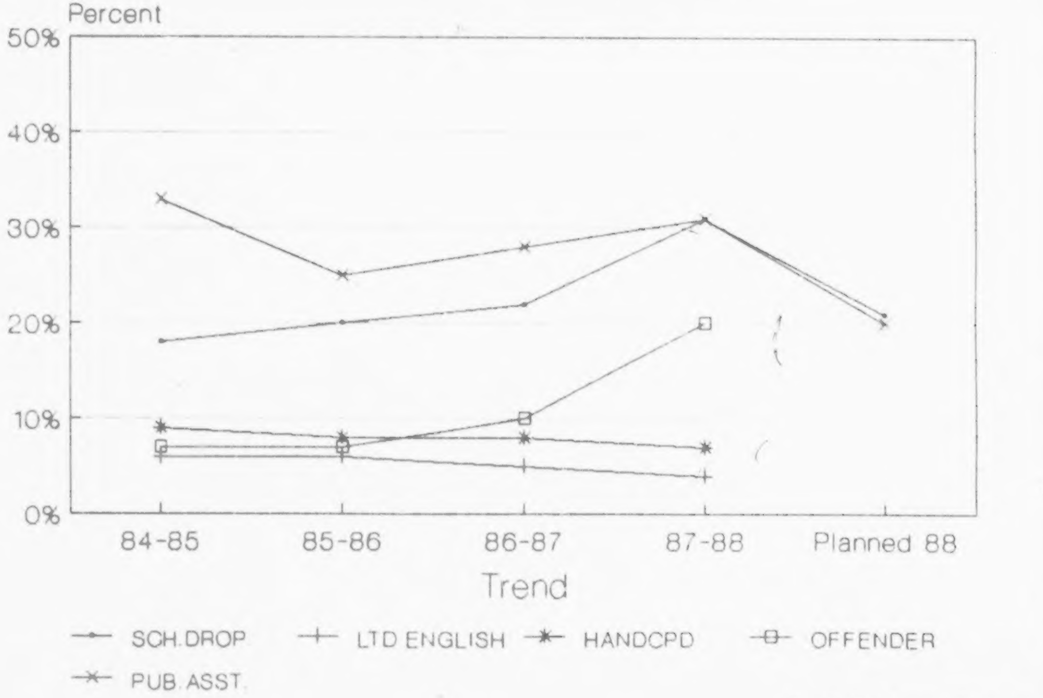
Attachment 3

Los Angeles Private Industry Council
Los Angeles Economic Roundtable

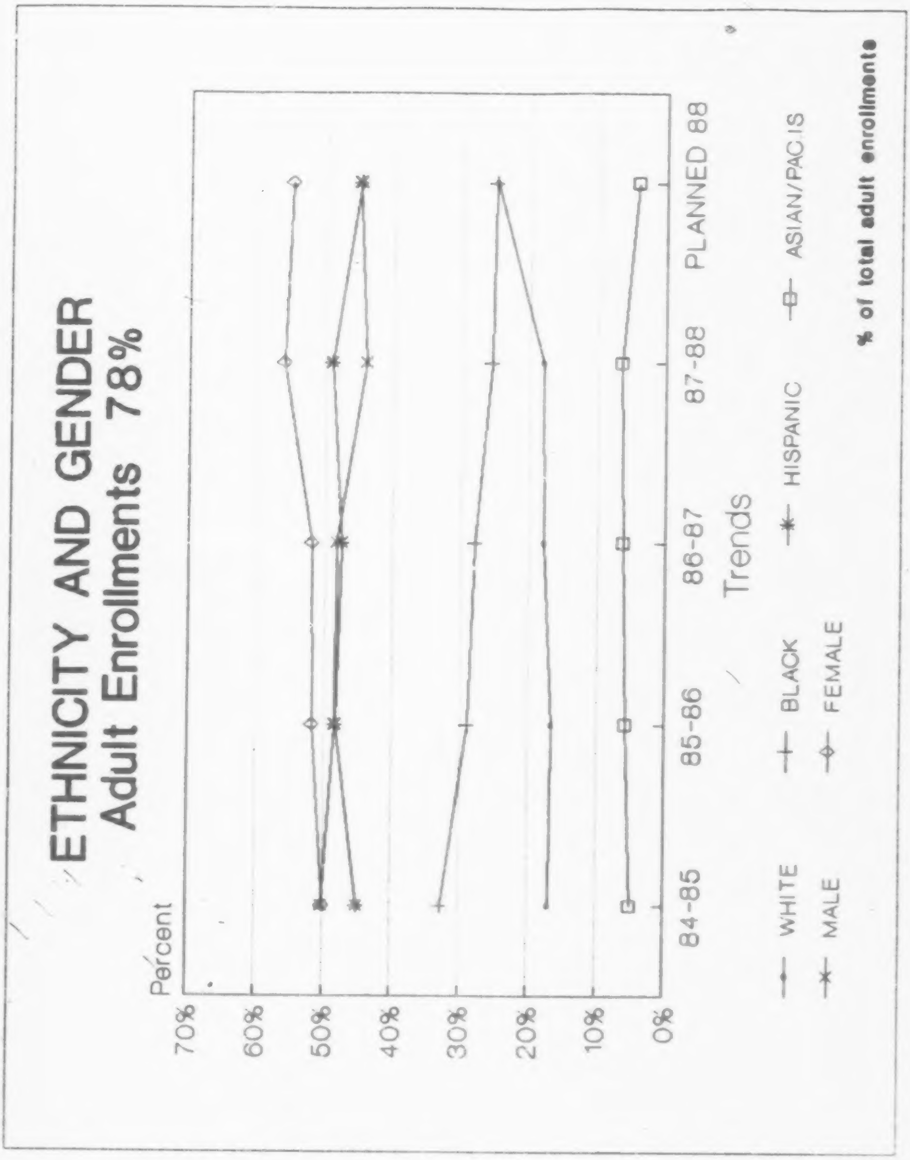
SOCIO-ECONOMIC CHARACTERISTICS OF JTPA PARTICIPANTS
78% PROGRAM

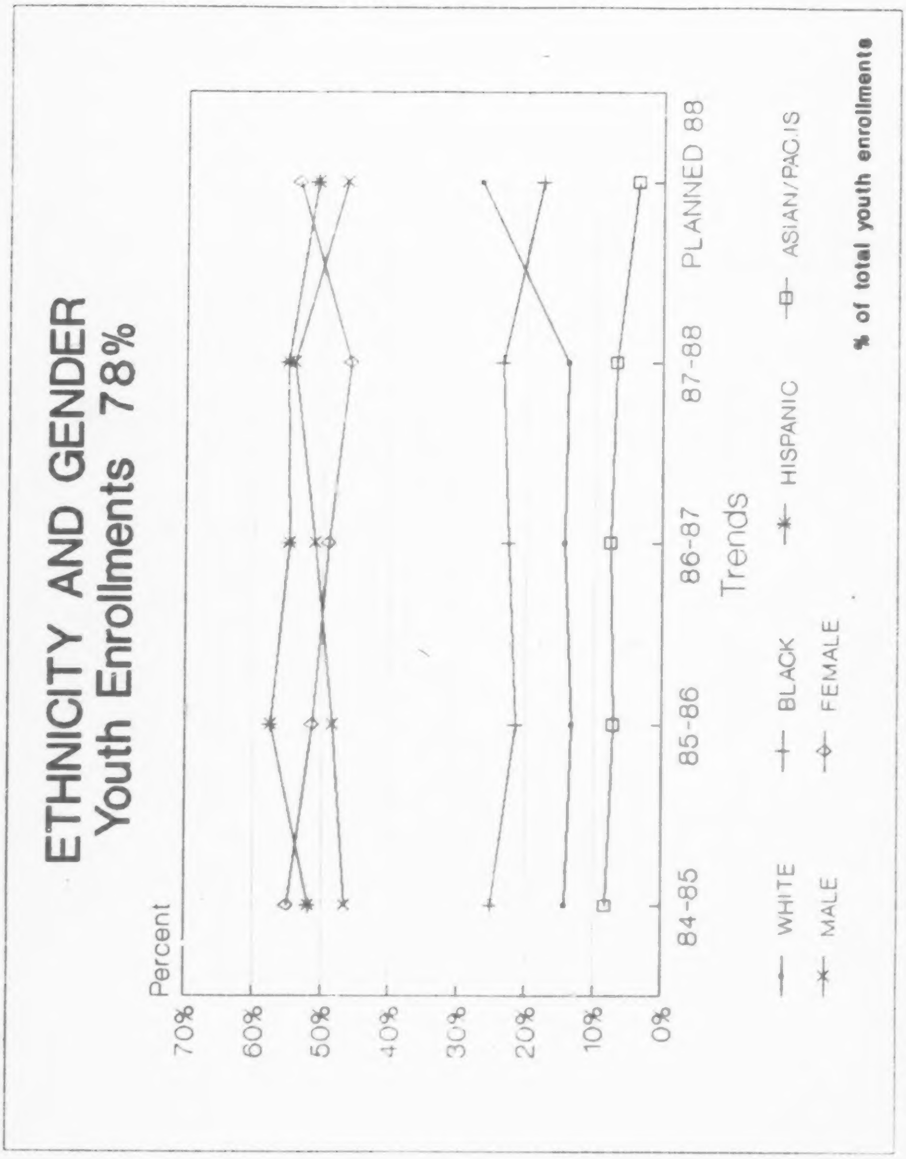

SOCIO-ECONOMIC CHARACTERISTICS
Adult Enrollments 78%
Percent
50%
40%
30%
20%
10%
0%
84-85
85-86
86-87
87-88
PLANNED 88
Trends
SCHOOL DRO
LTD ENG
HANDCPD
OFFENDER
PUB ASST
% of total enrollments

SOCIO-ECONOMIC CHARACTERISTICS
Youth Enrollments 78%



% of total enrollments


ETHNICITY AND GENDER
Adult Enrollments 78%
Percent
70%
60%
50%
40%
30%
20%
10%
0%
84-85
85-86
86-87
87-88
PLANNED 88
Trends
WHITE
BLACK
HISPANIC
ASIAN/PAC.IS
MALE
FEMALE
% of total adult enrollments


ETHNICITY AND GENDER
Youth Enrollments 78%
Percent
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0%
84-85
85-86
86-87
87-88
PLANNED 88
Trends
WHITE
BLACK
HISPANIC
ASIAN/PAC.IS
MALE
FEMALE
% of total youth enrollments

Mr. SIMON. I thank you very much.

Regarding the latter part of your statement, what federal programs would you change there that you are talking about?

Mr. FRANDSEN. Well, for example, I believe that concentrating on public housing or something like housing, exacerbates the problem. I suggest that new approach that would tend to disperse publicly supported housing throughout the community, it might be done through rent vouchers for example.

I also urge that the delivery of financial support for those most in need, not be done in such a way that undermines the family unit, and does not encourage for example, teenage pregnancy and young single family female head of household. I believe that well meaning federal programs have in many ways undermined the various things we are trying to help. I think new, innovative approaches need to be looked at. These are not new ideas; they are not new with me. I am sure you have heard them before.

Mr. SIMON. In your PIC Council, do you have anyone representing the field of education, specifically vocational education?

Mr. FRANDSEN. Yes, we do. We have someone from the State Board of Education, I think we have somebody from the Community Colleges.

Who are they Dan?

Mr. SIMON. Do you want to give your name for the record here also?

Mr. FRANDSEN. This is Dan Slatter who is our Executive Director.

Mr. SIMON. And are we just reading your words of praise for him in your formal statement?

Mr. SLATTER. We have a proprietary school represented by Richard Chavez, and we have a school district represented by a Dr. Johnson of a community college.

Mr. SIMON. And do you have labor unions represented in your PIC?

Mr. FRANDSEN. We have one from the United Auto Workers, Paul Bluto, a very effective member. So we do have organized labor on our panel. We have two representatives from education. We have representatives from the State Employment Training Panel. We have John Max from the Los Angeles Urban League, one of the community based organizations—I didn't bring my entire roster.

Mr. SIMON. I am just trying to get a feel for what the situation is.

Mr. FRANDSEN. We have attempted to have a broad representation from the community based organizations and from the providers.

Los Angeles County has a unique situation where we have the County SDA and we have what we call prime agents who themselves are subcontractors who have contracts with other community based organizations. We have representatives from the prime agent on our board also. We have representation from those who directly provide services to those in need.

Mr. SIMON. I was reading your statistics which are quite impressive, but the reality is as we move toward helping the harder to employ, inevitably "success" in quotes, is going to diminish, and those statistics are not going to look as good.

I hope we don't get too wrapped up in statistics—we want to get good performance—and we all want to have good performance, but we are also going to have to reach out to the higher risk end people.

Mr. Porter, you talk about stipends and learning reinforcement payments, but can you give me a little more of a explanation as to what you are talking about here. Are you talking about a Federal requirement or an option or what are you talking about?

Mr. **Porter**. Senator, under our at-risk youth program which is half of our youth program, and our youth programs are half of our entire program, we are building a capability to measure over time benchmark improvements or competencies learned by individual youth at a given point in time, and we track that through centralized management. We would like the ability and flexibility to be able to award those youths with cash payments when they achieve certain benchmarks.

Also, I think in your legislation there is being given consideration going back to paying stipends to youth enrolled in certain types of programs as we had under CETA, and that is absolutely critical to our being able to reach out and target the most at-risk, particularly gang members, single head of households, second and third generation welfare families. So it is absolutely critical.

And in terms of length of training, we prefer—now we are doing an average of 14-16 weeks. I understand we will be able to provide longer term training under the proposed revision, but essential to that is incremental payments to the participants to go into their pockets to provide them the income flow to be able to continue longer term training. And longer term training results in better long-term placement with better growth opportunity.

Mr. **Simon**. You also mentioned the need for greater linkage with local education agencies. Do you want to expand on that at all?

Mr. **Porter**. Well, we support that concept and over the last year in terms of our at-risk youth program, we have developed a demonstration capability with a few of our youth providers whereby we have linked with the Los Angeles Unified School District, and employed instructors—certified instructors—to provide adult basic education on-site at the demonstration program at the individual organizations that we have selected, and it is working very effectively.

Mr. **Simon**. I have a strong impression that we are not working enough with local education groups, and to the extent that that can be encouraged, obviously we should be doing it.

Let me thank both of you for your testimony. We appreciate your being here.

Mr. **Frandsen**. Thank you. And thank you for reading the testimony in advance.

Mr. **Simon**. Your full testimony will be entered in the record.

On our final panel, we have Mr. Robert Bloom, the executive director of the Alameda County PIC, and Kaye Rex Kiddoo, the director of the Employment Development Department of the State of California.

STATEMENT OF ROBERT L. BLOOM, EXECUTIVE DIRECTOR, ALAMEDA COUNTY PRIVATE INDUSTRY COUNCIL

Mr. BLOOM. Good morning.

I certainly welcome the interest being shown by Congress and the JTPA program, and although there isn't a sunset JTPA, I welcome the opportunity periodically to revisit the program and see whether we are indeed proceeding.

In review of your legislation, I see two major thrusts being proposed. First, the very specific targeting to the population is being served, the type of services being offered, and the resources. And second, a major restructuring of youth programs within our Nation. And I would like to give some summary comments on certain issues I have concern with surrounding these two thrusts.

First, in terms of targeting of the population, this is obviously a move to target into a very narrow, defined need, and at first I would like to object to the term "hard to serve," because I view that as a systems reaction to an individual. Defining my ease or lack of ease in serving someone, I would really suggest we strike that term from these discussions and speak more to "most in need," rather than hard to serve.

Mr. SIMON. And what is your suggestion?

Mr. BLOOM. Use the term "most in need," and strike "hard to serve." Hard to serve is a systems reaction.

Targeting the most in need is defined to be those lacking basic skills, in many ways does preempt local decision making, and I will come back to that point throughout my testimony.

While we are mainly concerned with the lack of basic skills, the Federal law, I believe, still must assure that we are all inclusive and don't become so very much so an exclusive system, whereby the targeting is so very narrow that of those eligible, there are more that are not targeted than those that are very narrowly targeted—and I have a concern for that.

At the local level, I would argue that's where a needs analysis, local planning, local decision making is the best tool to target within a broader eligibility determination for these type of programs.

Our Private Industry Council certainly does not deny the need for basic skills acquisition; we are spending a lot of attention and importance upon this issue. There are tremendous needs, however, being experienced by the general eligible population that still speaks to vocational training, exposure to their first job, picking up basic employability skills.

As a side note, the increase to the age 24 for youth, I think, doesn't square with the reality of many of our younger adults who see themselves as adults and wish access to adult life decisions in their life. My alternative would be that perhaps there would be an overlapping group in there, perhaps 18 to 24, where you have full access to the widest range of services. Be they headed toward the adult type decisions, or be they catching up and certain remediation of where opportunities missed in your younger age group.

In terms of targeting via the funding formula, I have a concern that the current proposal in many ways is a drastic shift of resources. And that the unemployment factor still should be included in the formula because in many ways that is a measure of the lack of jobs in a given area. And if the real issue is matching job futures with jobs, if there are no jobs, the resources still need to be targeted into those type of communities.

The new concept of areas with substantial numbers of disadvantaged, again has been mentioned this morning as lacking a data base, and I struggled trying to come up so for today's hearing with what the impact would be on Alameda County, and I don't begin to have the data to assist with that. I think it favors the urban concentration, and I am concerned that Congress not send a message that if you are poor, and you are unemployed and you live in a rural area, or you live in a suburban area, that you will not have equal access to these tax supported programs.

Any funding formula obviously is a political compromise, and my suggestion likewise would be that we await the 1990 census, and once again try to strike a political compromise on the funding formula which speaks to fairness and equity in the allocation of resources, and relatively equal access by the targeted population to those resources.

In terms of services to be provided, interestingly, in your Bill, I did not find any new services, any new alternatives. They are all there just as they are currently in the JTPA program. What again arises is the question what is the purpose of JTPA, and whether or not we are more so becoming an education program. My point again would be that JTPA seek a central focus and not become so diffused in attempts to be all things to all people. My fear is that the JTPA program may lose its niche in the market and that we may suffer a certain marketing dilemma as to who we are, both for recruiting participants and for interesting employers in the program.

In summary, on the services, I am concerned that the Bill doesn't propose any new services, but only proposes a certain construct of how those services are delivered in a given community, and again we are seeing an erosion of some of the flexibility that has proven successful across the nation, recognizing that there are a variety of needs and priorities in our various communities.

In terms of the performance standards, I applaud your efforts at addressing long term benefits, and also assuring that there not be any negative influences, however, as I read your proposal, you are creating now four separate performance standard systems, and this is a tremendous burden on the system. If you are not aware of them, even the current system has required a computer program to operate it, and the human factor at decision making, at the PIC level or with elected officials, is fast being replaced by computer spreadsheets that dictate what the performance must be, and I think that is not the direction we wish to go. The performance standards must be simplified.

In terms of a new youth initiative, I guess my first question is why. The current JTPA program is a very expansive one in terms of who can be served, with what types of services and with what desired outcome. And again not seeing any new services in there, I see this more as an administrative construct of how service delivery may occur, beginning with a categorization where somebody is going back to the old CETA program that youth are categorized in boxes, and once you are in that box, there is a prescribed remedy, and I have a concern that we not move in that direction.

Obviously the creation of four major youth programs with certain subparts, particularly the exemplary youth subpart, again creates a tremendous administrative and resources burden on the system, and again my question is whether this leads to improved quality and improved long term assistance, or whether it is more administration and bureaucracy for the system.

The fair chance program looks to be a very effective alternative. My concern, however, is that that not be the one model that prescribes for the nation.

The replication of successful programs, the program also looks attractive, however, my sense is that there is a lot of knowledge out in the field on best practices, and those best practices are either already in use, or they may simply be sitting on book shelves gathering dust, and we need to take them off the book shelves. And the thrust on youth programs should be the exchange of information of what has already been learned, the infusion perhaps of additional resources so we can reach more youth in this country, and then the collective development of new approaches on this basic education issue that we are all grappling with.

I will conclude with some general administrative issues. On the PIC recomposition, I don't see the current changes being that dramatic, and having little consequence for my PIC, I virtually have the composition that you are envisioning there. I am concerned though that they are not the added prescription that might prompt certain areas not to be able to have the kind of representation they may desire.

On the recapture and carry over issue, I think the 90 percent expenditure proposal is a very narrow window and would suggest rather perhaps an 80 percent expenditure requirement.

The expansion on the 10 percent window to possibly be a 15 percent window for non-economically disadvantaged as well as the increase for allowable supportive services from 15 to 25 percent, I think are excellent ideas and I provide my support for those.

In terms of the funding shifts of money from adult programs to help create a youth program, and also the proposal for increased Congressional allocations, I do have some concerns with. I guess I am a little doubtful whether there may be increased allocations at the federal level, and the switches of adult money may deprive the adult population of its needed devotion of attention and resources also.

On the expansion of the programs, I count now 10 different programs for year round and summer activities for a PIC. And also as you know, we have a EDWAAA legislation we are implementing now, and again this is a tremendous burden, and I would ask for relief from so many different titles, so many different targeted programs because that brings about a tremendous administrative burden.

In conclusion, I guess I am here conveying a simple message. To build upon the strength of the partnership of private sector and local elected leaders. This in my mind remains a unique model of public governance. One of the few in the nation that has looked at this approach to public governance.

Keep it simple and do not expect the JTPA program to provide a handle hold for a major effort at social engineering in the education field and in other areas of need that do impact the labor force, but again the JTPA program must maintain its definite program.

It may sound as though I am fighting change in my comments, fighting change, that is not true. PIC does recognize that changes are ever present in these programs and that's again why we welcome this inquiry into the job training program. However, the JTPA program already has a self-correcting mechanism, and if you were to visit our program, we are beginning to make a lot of changes speaking to quality, speaking to long term retention, speaking to serving new population groups, basically reeducation being one of them.

We have a record low unemployment rate, and we are down to that final band of those individuals who still cannot compete even in a healthy economy, and we are more so becoming a participant driven job training program than we may have been in the past.

One example, I believe, is that we also were nominated for the Presidential Excellence Award and we happen to have received it. We are one of the award recipients going to Washington next week for an out of school youth program, and I am able to run that type of outstanding program within the current constraints and allowances of the JTPA legislation.

So I conclude my written testimony by mentioning that within my written testimony, there is some comments from the Western Job Training Partnership Association. I serve on a part-time basis as staff support to a multi-state association.

We have included for your benefit some general concepts that we have subscribed to that we would encourage you to include in your legislative deliberations. Thank you.

Mr. SIMON. Thank you. And thank you for obviously doing some research so that you knew what you were talking about here. I appreciate it.

Mr. Kiddoo?

STATEMENT OF KAYE REX KIDDOO, DIRECTOR, EMPLOYMENT DEVELOPMENT DEPARTMENT, STATE OF CALIFORNIA

Mr. KIDDOO. Good morning, sir. I am Kaye Kiddoo, I am the Director of California's Employment Development Department called EDD, and I am also the State liaison for the Job Training Partnership Act in California.

EDD is one of the largest agencies of its kind in the world. My department as the JTPA administrative entity for California and operates the Job Service, unemployment insurance, disability insurance, labor market information, and we collect all the payroll taxes. I welcome this opportunity to testify because the amendments you are proposing to JTPA would have a significant effect on those programs in California.

Employment and training programs are now more critical to the economic well-being of this nation than ever before. We have a strong employment and training network in California with 23 major programs. These 23 major programs serve over five million Californians and are funded with resources at more than two and one-half billion dollars. One of our main objectives is the effective coordination of these programs and resources to avoid wasteful duplication and to provide the best mix of services. We are striving to achieve better coordination in California, and would oppose any changes that would prevent this.

We believe that the key to program success is maintaining an effective balance between federal, state, and local responsibilities. The federal role should be one of policy development and general program direction--one of overall guidance, not micro-management of State and local programs. State level coordination is essential to ensure that our limited job training and educational resources are used most effectively. The State agencies address the unique needs of each state. The local JTPA entities and Job Service Offices address the unique needs of each community. Clearly, California's needs differ from those of Wyoming and New Hampshire. The needs of California's north coast, with its declining timber industry, are different from those of the heavily urbanized Los Angeles basin. The State and local entities must have the flexibility—and that has been stressed over and over this morning—to design programs to meet their own unique needs. Any system which attempts to bypass the unique roles in this balanced partnership would undermine our State's employment and training services.

Because time is limited, I cannot offer specific comments on each aspect of your Bill. Therefore, my primary focus will center on two issues which relate to my concerns about federal, state and local roles.

First, with regard to the allocation formulas, our preliminary estimates indicate that the proposed changes will result in an overall decrease in funding to California. The Bill proposes to address perceived nationwide funding inequities by redefining the economically disadvantaged population. However, we question the accuracy of available data which currently are based on outdated figures from the 1980 Census. Large and significant shifts in California's population in the last nine years makes Census data unreliable as a measure of need. For example, the enormous influx of Southeast Asian refugees into California, and the large numbers of newly legalized persons under the Immigration Reform and Control Act of 1986, many of whom need intensive services, are not accurately reflected in existing data.

Last year alone our State gained over 700,000 new citizens.

Any changes in the funding formula should carefully consider the reliability and availability of data, as well as the effect on both large and small states.

In addition, I have concerns about the proposed Fair Chance Youth Opportunity Challenge Grants. The Challenge Grant proposal has the potential for duplicating existing systems as well as fragmenting funding and services. Separate administrative structures and delivery systems only hinder effectiveness. Our experiences, for example, with the original JTPA Title IV-C Veterans Program, proved unworkable because of its administrative structure—and I believe that bears this out. We have now integrated the Veterans Program into the existing JTPA Program structure resulting in improved services. We suggest that any special initiatives be made an integral part of the mainstream JTPA Program.

We believe that one of the attractive and effective features of JTPA has been its relatively nonprescriptive environment, which permits flexibility again, at the State and local level. This has allowed us to achieve measurable success, particularly by involving the private sector in the leadership role. We need, and must provide a cohesive, comprehensive system—one which offers stability of funding and flexibility of program operation at the State and local levels if we are to properly serve the people of California.

Thank you, sir.

Mr. SIMON. I thank you, very, very much.

First of all, Mr. Kiddoo, as I read your responsibilities, you are a busy man.

Mr. KIDDOO. Yes, sir.

Mr. SIMON. Job service, unemployment insurance, disability insurance, labor market information and tax collection programs. You have substantial responsibility.

On the question of California suffering a decrease in funding, I don't think that result is possible because we set up the allocation so that each state will be held harmless at 100 percent of the present level, and each local community at 90 percent level. But it is possible that there are factors that we do not count accurately, and one of the factors you mentioned was the new immigrants.

To what extent do you find, and if I may address this question to both of you, to what extent do you find new immigrants as participants in the JTPA Program?

Mr. BLOOM. Speaking for my area, Alameda County, we have not yet been hit that heavily with refugee population. The City of Oakland is in Alameda County, they operate their own PIC Program. They have had a tremendous influx.

I am aware though through the Western Association that in a lot of the rural areas of California, particularly up and down the San Joaquin Valley—Fresno, Bakersfield—those areas have had a tremendous influx of Indochinese refugees, particularly that have put a tremendous burden on their welfare systems as well as job training programs. I am sure their demographics today are tremendously different from 1980.

Mr. SIMON. Mr. Kiddoo?

Mr. KIDDOO. May I ask Al Dave to come up and talk about Los Angeles, just to answer that question?

Al? Al is one of our district administrators, and he is our expert on youth programs in the Southern California area.

Mr. DAVE. Basically with regard to the influx of immigrants and Indochinese refugees and the amnesty program as well as the issue of political asylum, historically in the beginning of JTPA there were significant numbers of individuals participating in JTPA, and once we came to the 1986 Reform Act, they began to drop out. Now that California is pushing the issue of consideration for JTPA for this particular population, we would expect it to expand. And there is a significant need. The one problem though is that most of the population will require English as the second language, so that further complicates the matter of success under the current JTPA subsidy. Again, you know, the cost for English as the second language and trying to couple it with OJT and/or work experience, is significant.

So I would say that as far as statistical data, there is no hard nosed statistical data, but I would venture to say that in the current system in Los Angeles County as a whole, it probably represents around 10 percent.

Mr. SIMON. Thank you.

Mr. KIDDOO. We incidentally got a special grant as all States should, you know, for the implementation of IRCA, and of that grant we took roughly about, I think, it is 374 million, and went to our Department of Education for teaching people, you know, English as a second language. Our Superintendent of Schools announced a couple weeks ago that he will be out of funds at the end of April. They are just overwhelmed by the demand.

Mr. SIMON. Incidentally, our own staff statistics indicate that California is supposed to be one of the states that gains from the new formula, but obviously we want to review these results. Let me just add that Congressman Gus Hawkins Chair's counterpart committee over in the House is going to see to it that California doesn't lose out in the allocation process.

I don't want to have rural areas hurt either. My home address is Route 1, Makanda, Illinois, population 402—that is "rural."

But I also recognize that we should fund programs where the greatest need exists.

What percentage—and forgive me, I don't know very much about Alameda County—what percentage of the target population would you guess JTPA Program reaches now?

Mr. BLOOM. It is hard to apply a percentage fact, certainly a national percentage of five percent.

Mr. SIMON. Yes. Five percent is a national figure.

Mr. BLOOM. That is probably not true of our area, in part, because of the different demographics. In the suburban area we have job growth, business expansion, we have business realignment, we have gone through a lot of plant closures—we have record low unemployment rates right now. So I imagine I am in a much better position with my resources currently to reach that band of individuals that are in need, but applying a percentage, I am not sure of.

The suburban areas tend to be in the middle of these funding formulas, I found, through the history of them, and I am here today as much speaking for the Western Association, I had a lot of people call me before I came here, concerned that there be some rural voice up here today. So my comments are as much out of their situation as well, trying to characterize their situation on these funding formulas, not make it an extreme that enhances one directly at the expense of another area, but the issue of fairness and equity. Whether or not the same per head resource is guaranteed to every eligible person in the nation, but to have equal access, I imagine that is virtually impossible. And that is why I described it as a political compromise in the end as to what funding formula eventually comes to be.

Mr. SIMON. And frankly this is what we are trying to do when we say no area is going to be funded less than 90 percent of the present level. This protects the local areas and rural areas. At the same time as you look nationally at the statistics, and I don't know what it would be in Alameda County, there is no question we are reaching a much higher percentage in many rural and suburban areas than we are in some of those urban areas. What we are trying to do is to target a little more effectively in response to the need which obviously is in the national interest.

Mr. Bloom. Two reactions. I think it is fair to say that most people in the system have no problem if the money flows where the people are. Again, how you define that is the question, and unfortunately some of the discussions have dealt with lets put the money in urban areas. Well, that of course puts the hackles up on the rurals and the suburbans, and maybe that type of characterization is the wrong one. We are truly trying to have the money flow where the people are. The definition of who those people are then becomes the issue.

Secondly, in my written comment I had the observation that if your intent is to derive a formula that does put the money over here, but you implement the 90 percent and the 110 caps and the whole harm left, it is going to take us years to ever get over here. So if you have the equal concern over keeping stability in the system, I am not sure that you can pass a funding formula that is intended to take us so far over here, because you won't reach there, or it will take many years to reach there.

Mr. Simon. Let me just say—and I guess everything gets a little complicated—when you include inflation, we have had a drop of about 22 percent in the funding for the JTPA Program since its initiation. We are hoping to have a modest increase so that the modest increase would go more to those targeted areas where there is the greater need.

Let me ask you, Mr. Bloom, one other thing. I noted in your comment that intrigued me, you talked about a retreat. Did your PIC group have a retreat; can you just give us a three minute or one minute description of what you have done, what you are talking about?

Mr. Bloom. Our recent practice has been every two years. Our PIC and/or elected officials jointly have a retreat. I think that is unique. Some PICs have retreats by themselves; our elected officials also.

In my testimony I mentioned at this retreat of about three weekends ago, focused on this issue about in a period of record low unemployment programs, should we be more so a participant observing job training systems than an employer driven job training system, not to say that they are mutually exclusive and it is all one or all the other, but it is a balancing act. But we think we have done a real good job in our five year history of being an employer responsive to job training systems. And what we are hearing now is the increased need for basic and remedial education, need for English as a second language, need for real hard core longer term training and preparation in which case we've got to set a little more attention on that side of the equation of what the design of our program should be. So it was a very interesting discussion of a day and a half and that is going to help me in my upcoming planning process for the next two year cycle.

Mr. SIMON. Maybe there are others that do that; I am not aware of others that do that. I think it is a great idea and I commend you for doing it.

Let me thank Mr. Bloom, Mr. Kiddoo, Mr. Dave. We thank you for your testimony.

Our hearing stands adjourned.

[Whereupon, at 10:55 a.m., the subcommittee was adjourned.]

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